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REVIEW

The best in design

Energy, intensity and creativity characterized the eight Gold Award winners in the 23rd annual Society of Publication Designers Awards. Judges picked the best from a record field of 5,841 entries. The competition honors the art director as visual journalist. **179**

Polybag rules stir up new furor

Polybag opportunities may plunge, now that USPS has forbidden advertorials and catalogs as second-class supplements. **43**

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Uncoated paper: A new look

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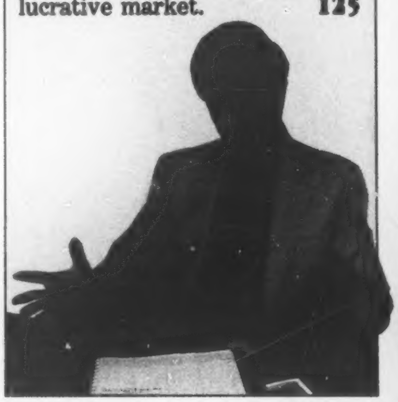

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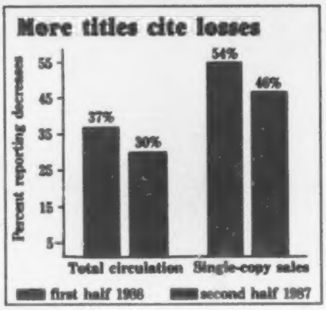

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Vol. 17 No. 11

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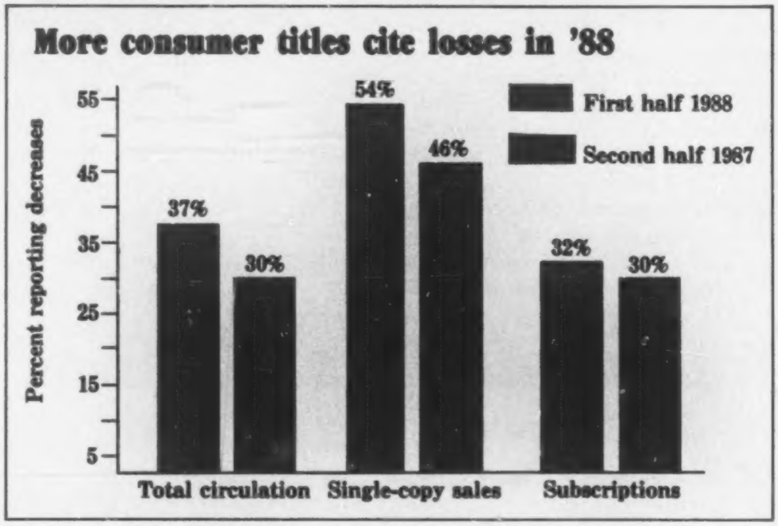
UPDATE

Single-copy sales sputter in first half '88

After a promising '87, retail sales slide; subs remain healthy

More consumer titles cite losses in '88



Increased prices and rate base cuts could result if the single-copy sales skid of the 1980s continues.

New York City—What a difference a year makes.

Last year at this time, 53.8 percent of titles monitored by the Audit Bureau of Circulations (ABC) reported single-copy gains—more than at any time during the past five years.

Signs of single-copy problems, however, were evident. Total newsstand sales, up from 1986, slid some 9.3 million, to 79.3 million, between the first and second halves of 1987. And in 1988, only 45.7 percent of 411 consumer publishers reported single-copy increases during the first half, according to a FOLIO: analysis of the ABC Fas-Fax report on circulation. (Total unit sales fell slightly, to 79.2 million.)

That's the poorest performance since June 1985, when 42 percent noted gains. "The sales skid of the 1980s looks to be picking up steam again," says circulaton consultant E. Daniel Capell. A decade of vigorous subscription promotion, he notes, continues to persuade consumers to buy through the mail rather than at retail.

Of great concern, too, he notes, is that the bulk of the newsstand business may become dominated by the top 25 titles. Furthermore, declining single-copy sales may mean that publishers "will almost be forced to increase prices. And we may also see more rate base cuts."

On the subscription side, the picture is much more sanguine. Of 438 magazines, 67.8 percent posted subscription sales gains, compared to 62.3 percent a year earlier. Moreover, 269 million subscriptions were sold, a considerable jump from the 236 million

(CONTINUED ON PAGE 100)

Uproar over polybags

Mailers tally up losses as USPS tightens polybag regulations

Washington, D.C.—"A lot of our uses for polybags are dead in the water," says Bacil Guiley, vice president, corporate operations, Springhouse Corporation, publisher of *Learning '88* and *Nursing '88*.

The reason: the Postal Service's edict that a polybagged supplement must contain 25 percent editorial matter if it is to mail at second-class rates. The rule, part of the Postal Service's final decision on supplements, prohibits publishers from including advertorials or catalogs—even catalogs of their own products and services—in polybags.

Ironically, the Postal Service does allow special catalog and advertorial sections to be bound into magazines, notes Guiley. But the difficulty of binding these sections prompted mailers to press for polybags in the first place.

The new rulings also kill the option of mailing two independent second-class publications in the same bag, even if both are owned by the same company. Several publishers used this technique to launch new titles.

Springhouse stands to lose hundreds of thousands of dollars in advertising revenue because of the new ruling, says Marlene Jensen, the company's vice president of magazines. And Springhouse is not alone.

"We were developing [polybagging] as a growing revenue stream," says Stephen Childs, president of Texas Monthly, Inc., who had planned on supplements to be a significant piece of business.

Catalogs can still ride in the bags,

Single-copy sales

(CONTINUED FROM PAGE 43)

sold a year earlier.

Those subscription gains continue to balance out single-copy losses, leaving overall sales about flat in the first half. Nearly 63 percent of 455 magazines posted total increases, compared to 60.9 percent in 1987.

Top-selling titles

TV Guide, longtime circulation leader, has been handily surpassed by *Modern Maturity*, published by the American Association of Retired Persons (AARP) and distributed free to 17,924,783 members. AARP's newsletter, "NRTA/AARP News Bulletin," ranks second in total circulation with 17,623,715. *Reader's Digest*, at 16,964,226, is third, while *TV Guide*, at 16,917,545, drops to fourth.

Among top single-copy sellers was *People*, which gained 209,496 in retail sales during the first half of 1988—thanks to considerable support through TV advertising. Other strong single-copy sellers include *Reader's Digest*, *Redbook*, *Shape*, and *Soap Opera Digest*.

But *Playboy*, which defied bad publicity in the second half of 1987 to lead all magazines in single-copy gains, plunged 32.2 percent in retail sales this year. However, it finished eighth in subscription sales gains.

Other leading subscription gainers include *Family Circle*, *Sports Illustrated* and *TV Guide*. Poor single-copy sales at *Family Circle*, however, led to an overall circulation loss of 1.6 percent.

On a percentage basis, *Detroit Monthly* led all titles with a 75.2 percent overall sales jump, followed by *European Travel & Life* (73.3 percent), *Cook's* (70.8 percent), *Entrepreneur* (46.8 percent) and *Horse Illustrated* (43.7 percent).

The Seven Sisters publications gained in subscriptions, but lost even more in single-copy sales. *Redbook* bucked the pattern by boosting retail sales 17.7 percent, and was up 1.7 percent overall. Aside from *Better Homes & Gardens* (up 0.7 percent), however, the remaining Sisters declined overall.

No breakthrough winners were spotted among other women's titles. Even the redoubtable *Elle*, which last year gained more than 40 percent, grew only 14.7 percent in the first half. Other moderate gainers included *In Fashion* (up 17.3 percent) and *Shape* (up 15.7 percent). *Cosmopolitan* picked up 5.2 percent; *Vogue*, *Glamour* and *Mademoiselle* lost for the second straight period.

Among the newsweeklies, only *Newsweek* enjoyed any significant increase (4.2 percent). *U.S. News & World Report* rose slightly, and *Time* recently cut its rate base by 6.5 percent.

Mirroring the uncertain business climate, business magazines were mixed. *Business Week* and *Forbes* gained slightly in circulation, while *Fortune* dropped marginally. *Inc.* was up by 1.3 percent, but *Changing Times* and *Barron's* declined by 14.7 percent and 9.7 percent respectively.

Vanity Fair, the title that has won the hearts of advertisers, grew by 25.9 percent in circulation. Other general interest titles with healthy first halves include *Us* (up 16.1 percent), *The New Yorker* (up 12 percent) and *Life* (up 10.8 percent).—*M.G.*

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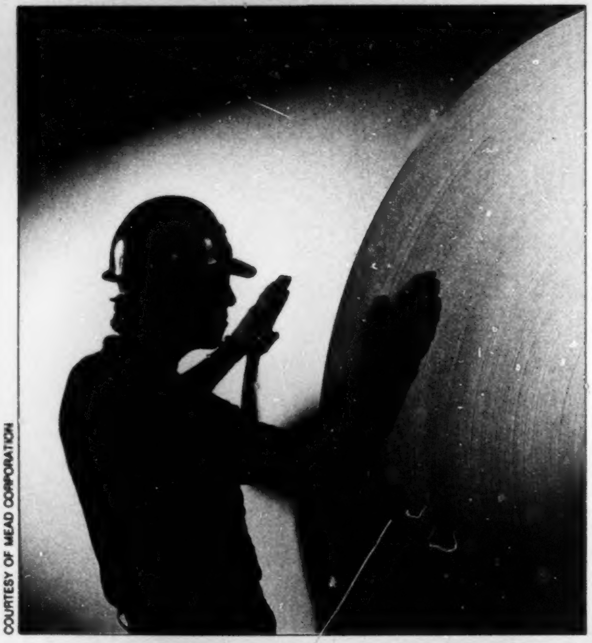

COURTESY OF MEAD CORPORATION

Special report

Coated pap

Trends in use

Many forces affecting the future supply of coated paper are coming together, creating a situation publishers should monitor closely. Catalogs, the growth in coupon merchandising and the acceleration of coated paper use by consumer magazine insert advertisers are all cutting into supplies. This analysis takes a close look at the supply/demand balance; detailed charts project capacity changes in the major North American and offshore mills through 1992. **112**

THE PUBLISHING HALL OF FAME

Industry honors 8 publishing greats

Six hundred attended a gala dinner to honor the Publishing Hall of Fame's latest inductees, who have made lasting contributions to the magazine and book publishing industries. **108**

Best bets: Desktop page make-up software

Even desktop publishing gurus can find themselves lost in the twists and turns taken by software manufacturers. But this article should help you find the desktop software that's right for you. **130**

Department stores cash in on magazines

Magazines are almost twice as profitable as the average item sold in mass market chain stores, states the latest DPP study. **23**

The fate of a magalog

Relying too heavily on mail-order sales as a revenue source left one video magalog converting to a more traditional paid magazine format. Another magalog appears to be making it work. **71**

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LES MORSILLO

With ad page sales lagging, Malcolm Forbes turns to a new, high visibility publisher to turn up the heat under the competition. The former Secretary of Defense will serve as diplomat to the advertising elite, columnist to readers.

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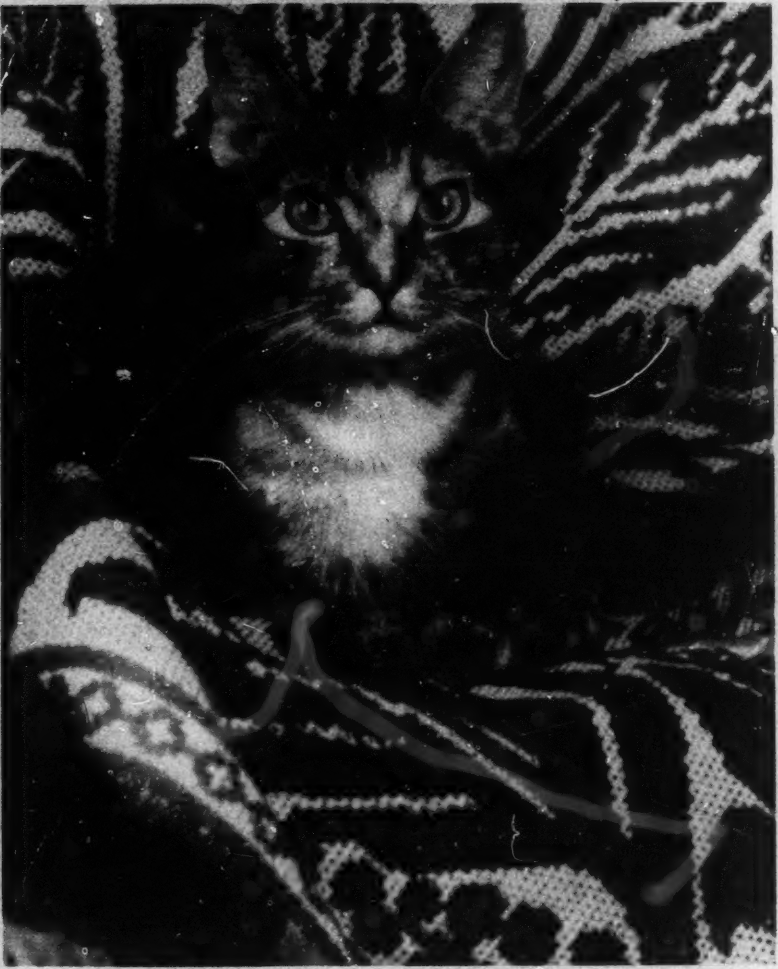
At Scoville Press (a *specialized* printer of response cards, direct mail, and commercial specialties)...



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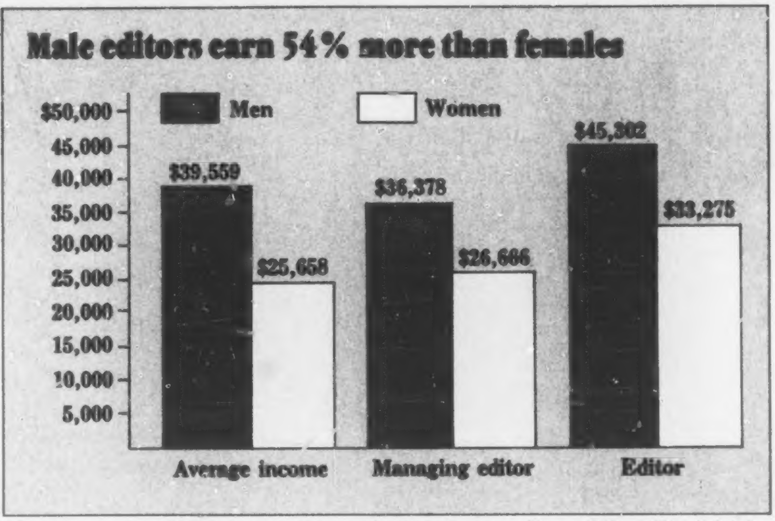
Sex bias in the business press

Men outnumber women and hold better jobs in business journalism



***Men earn more than women** across the board, regardless of the editorial job. Moreover, a greater percentage of women than men hold subeditor positions at business magazines.*

Akron, Ohio—Men still command the lead in both salaries and positions in the specialized business magazine industry, earning 54 percent more pay on the average than their female coworkers, according to recently completed research.

The study of editors and writers of business magazines shows that men earn an average annual income of $39,559, compared to $25,658 for women. The gap is even more noticeable when men and women hold the same jobs—a female editor earns an average of $33,275, while a man in the same job makes $45,302.

The salary figures are among many findings by Dr. Kathleen Endres, assistant professor of the communications department at the University of Akron. She received a grant of approximately $1,100 from the Association of Business Publishers (ABP) to research business press journalists from 1986 to 1988.

Endres found that reporters and editors in specialized business magazines are generally well educated, tend to come from areas of heavy industry and are usually in their 30s. Specifically, the typical business press reporter or editor is likely to be a white male in his mid-30s with a bachelor's degree.

Endres came to her conclusions after researching a 10 percent sample of specialized magazines from *Business Publication Rates and Data*, published by Standard Rate and Data Service. More than half of 353 sampled periodicals responded, yielding the names of 839 full-time personnel. Out of this field, 374 responded to a questionnaire, for a response rate of 44.6 percent.

"Men continue to dominate in the business press field," says Endres. Of all male journalists responding to the survey, 40.5 percent are editors; women, the survey states, more frequently hold subeditor positions.

In the payroll department, the disparity in salaries "cuts across all editorial jobs," she says. As managing editors, women are paid an average of $26,666 a year; men in the same position earn $36,378. Female editors are paid $33,275, while men earn $45,302.

Men working for specialized business magazines have more professional journalism experience than women (13.2 years, compared to 7.3 years for women), Endres says, but adds that they are also generally older than the women: 38.9 years vs. 33.97 years.

Men at the business magazines are more likely to have worked for a newspaper first, whereas the women tend to start out at other business publications. The females are also more likely to come from public relations or other backgrounds such as freelance writing, Endres notes.

The survey further states that the New York-Connecticut area produces the most specialized magazines; the Great Lake states are second. More than half of the respondents come from these same two heavy industrial areas.

More than 60 percent of the business journalists graduated from college, and another 31.9 percent attended graduate school. Twenty-two percent received specific training—usually in the form of classes—to familiarize themselves with the industries that their publications cover. Many of the journalists responding to the survey say a superior taught them about the business or industry that they now cover in their magazines.—*L.F.*

Biggest worry: Ad/edit conflicts

The biggest worry facing business journalists, according to Endres' survey, is separating advertising from editorial.

Many of the 374 journalists responding to the study say they are concerned about using advertisers as sources in specialized business magazine stories. Others fear alienating advertisers with the editorial content of the publications.

Over one-third of the journalists, moreover, see the link between advertising and editorial as a major weakness in their field. It is the most commonly noted problem listed in the survey.

While business magazine writers are leery of using advertisers as sources, they don't really like turning to public relations sources, either. Even though some of the writers come from backgrounds in the public relations field, about half of those responding say they use PR departments as sources in fewer than 10 percent of their stories.

Writers generally talk to corporate leaders when they need information for a story, the survey concludes.

Special report: Coated paper

Part 1

Diversity of users cuts into supply

How will current trends in paper use and supply affect availability in the months ahead? Analysis and detailed charts give you a look at the future

BY NORMAN WIENER

The growing internationalization of the U.S. printing and magazine publishing market was reflected, in 1988, by an increasing use of imported papers. Changes in magazine ownership patterns were also matched by rapid changes in paper sourcing. Although they are still the largest users of higher-value publication printing papers, U.S. magazine publishers could face further challenges in maintaining their share of available paper supplies in the years ahead.

Some of the forces affecting future supplies are growth of catalogs and their seasonal printing patterns; the continued growth of newspaper insert/flier advertisers and their upgrading to magazine-type grades of paper; the growth in coupon merchandising; and the dynamic acceleration of consumer magazine insert advertising. The implications of this latter shift could be quite dramatic.

Equally important, based on current projections, the supply/demand balance could favor sellers for most of the next few years, regardless of any short-term downturn in the economy.

Given the rapid changes in the U.S. supply/demand outlook, and the forces that surround these changes, this two-part article will attempt to provide publishers with an overall perspective on the outlook for the major magazine paper grades—coated groundwood, coated free sheet and supercalendered printing papers. Part one, in this issue, will focus on availability and trends in paper use; part two, which will appear in FOLIO:'s January issue, will take a look at buying strategies and implications for the future.

Norman Wiener is vice president of Walker Wiener Associates, an international-based marketing research company specializing in paper, printing and print media. Wiener has been involved in the paper industry for almost 20 years, including 15 years with two major paper manufacturers.

Tracking changes

It is expected that magazine publishers, during 1988, will have consumed close to 3.7 million tons of paper. This total reflects consumption by traditional consumer and business magazines, trade journals, comic magazines, Sunday newspaper magazines and Sunday TV magazines.

Some of the more important trends developing in regard to printing paper consumption by magazines include the following:

- Despite postal rate increases, basis weight still appears to be rising. Although some publishers have announced plans to cut basis weights, the majority of the consumer magazines tracked by WWA continue to maintain and/or increase the weight of their text grades.
- Heatset web-offset could continue to make inroads into rotogravure's printing process share. With the increased number of versions per issue, it is becoming increasingly difficult for certain publications to continue the use of rotogravure.
- High quality four-color printing on lightweight papers is now possible with an increasing number of offset grades. Historically, only gravure could provide this capability.
- The basis weights of magazine covers continue to increase, and the use of overcoating is becoming standard. Magazines without a varnish overcoat are likely to be the exception on the newsstands of the future.
- Coated #4 paper use continues to expand. Driven by the increasing number of brands and suppliers in this category, many specialty books and most new publications have moved toward this grade category. The improved reproduction qualities from certain coated #4 grades have provided some

publishers with enough difference in quality to justify an upgrade to this higher value grade segment.

Based on current trends, by the mid-1990s, coated #4 could represent as much as 25 percent of all magazine paper consumption.

- SC printing papers are continuing to penetrate the magazine market. *The New York Times Sunday Magazine* has been joined by several other specialty books using this paper. And the development of the Sunday newspaper TV books (using SC) into full-fledged publications is likely to give traditional television and cable guides more intense competition. Upgrading is likely.

- LTC grades have also emerged, with successful use in the new *Premiere* and in *W* magazine, the fashion consumer magazine version of *Women's Wear Daily*.

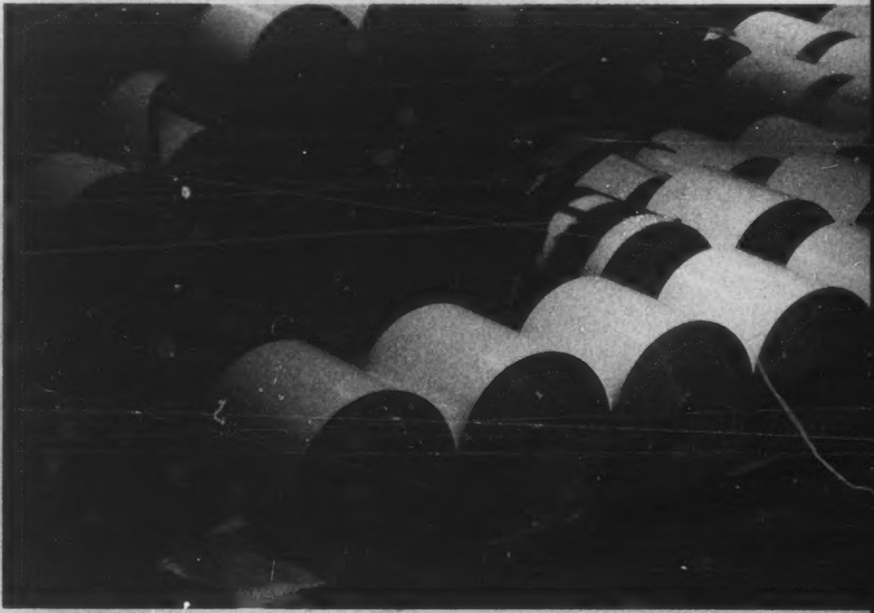
"One of the most important trends that is affecting paper use continues to develop in the area of consumer magazine inserts."

[redacted]

North American paper capacity changes ('86-'92) —

Location	Company	City	ST/PR	Grade
Canada	Abitibi-Price Inc.	Kenogami	Quebec	SC
U.S.	Blandin Paper Co.	Grand Rapids	MN	Coated Grwd. Coated Free
U.S.	Boise Cascade Corp.	Rumford	ME	Coated Grwd. Coated Free
U.S.	Bowater, Inc.	Catawba	SC	Coated Grwd.
U.S.	Champion Intl. (1)	Courtland Bucksport Sartell Deferiet	AL ME ME ME	Coated Grwd. Coated Free SC - A
U.S.	Consolidated Paper (1)	Biron Wis. Rapids Whiting	WI WI WI	Coated Grwd. Coated Free
U.S.	Fraser Paper Ltd.	Madawaska	ME	Coated Grwd.
U.S.	Great Northern Paper	Millinocket	ME	Coated Grwd.

(1) WWA Capacity estimates NA = Not available



- One of the most important trends affecting paper use continues to develop in the area of consumer magazine inserts. Historically a product primarily related to business publications with perfect binding, the magazine insert is quickly becoming one of the most popular formats for many consumer books—both saddle and perfect bound.

Preliminary estimates for 1988 indicate that as much as 300,000 tons of paper may be redirected from the traditional consumer magazine purchasing stream for these products.

- Driven by the desire to obtain the greatest impact from their advertising investments, an increasing number of advertisers are now running anywhere from two- to 24-page signatures independently of the magazine run of press (ROP) printing system, and utilizing the advancing capabilities of the automated bindery for inserting

coated and supercalendered grades

							Change ('92/'86)	
1986	1987	1988	1989	1990	1991	1992	Tons	Net change
		(000 of short tons)					(000)	%
0	86	135	138	140	140	210	210	
0	86	135	138	140	140	210	210	
285	285	291	336	451	475	487	202	70.9%
280	280	285	330	445	469	481	201	71.8%
5	5	6	6	6	6	6	1	20.0%
395	395	392	397	412	422	432	37	9.4%
240	240	317	317	317	317	317	77	32.1%
155	155	75	80	95	105	115	-40	-25.8%
192	303	332	338	338	338	338	146	76.0%
192	303	332	338	338	338	338	146	76.0%
1,053	1,053	1,053	1,086	1,116	1,281	1366	313	29.7%
657	657	657	690	690	690	690	33	5.0%
265	265	265	265	295	460	545	280	105.7%
131	131	131	131	131	131	131	0	0.0%
810	880	890	890	890	890	890	80	9.9%
530	600	610	610	610	610	610	80	15.1%
280	280	280	280	280	280	280	0	0.0%
140	140	140	140	140	140	140	0	0.0%
140	140	140	140	140	140	140	0	0.0%
135	135	135	135	135	135	135	0	0.0%
135	135	135	135	135	135	135	0	0.0%

Source: Walker Wiener Associates (September 1988)

(CONTINUED ON PAGE 116)

these higher value products.

A large portion of the tonnage used for magazine inserts is coated #4 grades and higher. Magazine inserts tend to be 10 to 30 pounds higher in basis weight than the magazine text grade. More important, graphic reproduction tends to be significantly higher than the standard ROP pages.

Some of the pressruns (typically for multiple scheduled inserts appearing in a number of books) can exceed 40 million to 50 million copies. This could allow gravure printing and papers to enter magazines and to offset some of their losses in ROP pages. Of the paper grades used for magazine inserts, one of the most important winners during 1988 could be lightly coated matte or film coated grades, particularly in card stock basis weights or calipers. These grades are replacing traditional high bulk offsets and are employing an increasing amount of color printing for their direct marketing advertisers.

Supply/demand forces

What can buyers expect over the short term for each of the major grades? The following review, by major grade segment, summarizes the 1988-1989 outlook for demand and supply, and the external forces to consider.

- *Coated groundwood*: Driven by a variety of new users, who are upgrading from lower end uncoated groundwood and newsprint printing papers, demand for coated groundwood has grown at rates in excess of 6 percent over the 1980-1987 period.

Consumption of this paper for catalogs continues to skyrocket, for a variety of reasons. Increased frequencies of catalog issues is one, and making them into monthly magazines is another—one of the most important forces behind the growth in catalogs' paper consumption. Even given the record amount of new capacity that the market enjoyed during the 1986-1987 period, operating rates are now near capacity levels. The only relief appears to be the new Blandin machine, which should come on line in 1989, and the second REPAP machine for their new mill in Newcastle, New Brunswick.

However, even with these two new machines, and given the increasing supply of offshore capacity, it should still be a seller's market for most of the next two to three years for coated groundwood. The seller's position should remain, even with a mild downturn in the U.S. economy, since new users for this grade are placing greater demands on the available supplies.

Currently, close to 11 percent of all coated groundwood grades are imports. Of this total, close to 6 percent of total consumption is now sourced from offshore locations. WWA is projecting that, by 1992, close to 17 percent of all coated groundwood grades consumed in the United States will be imports, and that offshore imports will account for close to 8 percent of total consumption.

- *Coated free sheet*: Driven by the expanding range of coated #4 paper grades, and an increasing assortment of coated and premium #1 printing paper grades, consumption of coated free sheet continues to find many upgraders from the coated #5 printing paper ranks. Overall growth has been close to 7.7 percent per year over the 1980-1987 period.

> "Given the greater sensitivity of coated free sheet to a mild recession, we predict that the supply/demand balance could turn in favor of the buyer during mid-1989."

[redacted]

Because of the high levels of new capacity that entered the market during the 1986-1988 period, mill operating rates are now in the high 90s. Incremental capacity increases by IP and Westvaco during 1988 further supplemented the overall U.S. capacity base for this grade during the past year. New capacity by Midtec at both Kimberly and Canada will help market supply conditions during the next two years.

However, given the greater sensitivity of these grades to a mild recession, WWA predicts that the supply/demand balance could turn in favor of the buyer during mid-1989. This situation will continue through 1990. However, for the short term, the overall supply/demand ratio should remain in balance through mid-1989.

Currently, close to 7 percent of all

North American paper capacity changes ('86-'92) —

(CONTINUED FROM PAGE 115)

Location	Company	City	ST/PR	Grade
U.S.	International Paper	Corinth Jay Pine Bluff	NY ME AR	Coated Grwd. Coated Free
U.S.	James River Corp.	St. Francisville West Linn	LA OR	Coated Grwd. Coated Free
Canada	Kruger Inc.	Three Rivers	Quebec	Coated Grwd. SC
U.S.	Lake Superior Paper	Duluth	MN	SC - A
U.S.	Madison Paper	Madison	ME	SC - A
U.S.	Mead Publishing Paper	Escanaba	MI	Coated Grwd. Coated Free
U.S.	Midtec/Miramichi	Kimberly New Castle	WI N.B.	[Coated Grwd. [Coated Free
U.S.	Niagara of Wisconsin Paper	Niagara	WI	Coated Grwd.
U.S.	Northwest Paper Division	Brainerd	MN	Coated Free
U.S.	(Potlatch) (1)	Cloquet	MN	
U.S.	S.D. Warren (1)	Somerset Muskegon Mobile Westbrook	ME MI AL ME	Coated Free
U.S.	Simpson (1)	Anderson Pasadena	CA TX	Coated Free
Canada	St. Mary's Paper Co.	S.S. Marie	Ontario	SC - B
U.S.	Westvaco	Luke	MD	Coated Free
U.S.	Weyerhaeuser	Columbus	MS	Coated Grwd.

(1) WWA Capacity estimates NA = Not available

coated and supercalendered grades

							Change ('92/'86)	
1986	1987	1988	1989	1990	1991	1992	Tons	Net change
		(000 of short tons)					(000)	%
400	500	600	650	700	750	750	350	87.5%
NA	NA	NA	NA	NA	NA	NA		
NA	NA	NA	NA	NA	NA	NA		
380	390	390	390	390	390	390	0	2.6%
270	280	280	280	280	280	280	0	3.7%
110	110	110	110	110	110	110	0	0.0%
188	188	188	188	248	248	248	60	31.9%
138	138	138	138	138	138	138	0	0.0%
50	50	50	50	110	110	110	60	120.0%
0	10	160	215	230	245	245	245	——
0	10	160	215	230	245	245	245	
153	156	161	161	161	161	161	8	5.2%
153	156	161	161	161	161	161	8	5.2%
480	500	520	520	530	530	530	50	10.4%
300	320	330	330	330	330	330	30	10.0%
180	180	190	190	200	200	200	20	11.1%
552	552	645	770	895	945	975	423	76.6%
440	440	440	465	590	640	670	230	52.3%
112	112	205	305	305	305	305	193	172.3%
200	207	225	235	235	235	235	35	17.5%
200	207	225	235	235	235	235	35	17.5%
228	228	240	265	290	290	290	62	27.2%
228	228	240	265	290	290	290	62	27.2%
600	800	800	800	800	800	800	200	33.3%
600	800	800	800	800	800	800	200	33.3%
125	125	125	125	125	125	125	0	0.0%
125	125	125	125	125	125	125	0	0.0%
73	85	88	132	151	158	158	85	116.4%
73	85	88	132	151	158	158	85	116.4%
394	394	403	403	403	403	403	9	2.3%
394	394	403	403	403	403	403	9	2.3%
178	178	193	193	193	193	193	15	8.4%
178	178	193	193	193	193	193	15	8.4%

Source: Walker Wiener Associates (September 1988)

coated free sheet grades are imports. Of this total, close to 6 percent of total consumption is now sourced from offshore locations. WWA is projecting that, by 1992, close to 10 percent of all coated free sheet grades consumed in the United States will be imports, and that offshore imports will account for 8 percent of total consumption.

• *Supercalendered printing papers*: Driven by a variety of new users, who are upgrading from lower-end uncoated groundwood and newsprint printing papers, SC printing paper demand has grown at rates in excess of 23 percent over the 1980-1987 period. Supporting the high growth has been a major increase in capacity—from U.S., Canadian and offshore sources. However, even with the record amount of new capacity that the market had to absorb during the 1987-1988 period, operating rates are now near capacity levels. Further increments in SC capacity from the new Lake Superior Paper Industries machine, as well as new capacity from Canada and offshore locations, will only partially supply all future needs of this growing market segment.

It should remain a seller's market for SC grades, particularly the higher quality and offset grades, for most of the next two to three years. The seller's position could soften should the United States experience a mild downturn in its economic growth.

Currently, close to 61 percent of all SC grades are imports. Of this total, close to 50 percent of consumption is now sourced from offshore locations. WWA is projecting that, by 1992, close to 57 percent of all SC grades consumed in the United States will be imports, and that offshore imports will account for 38 percent of total consumption.

In summary, WWA does not feel that a downturn in the U.S. economy would be as injurious to the supply/demand balance as downturns in the past eight years have been. Unlike these periods, the major impact of new capacity will not be as significant in these grades during the next three years.

Two of the three major paper markets (coated groundwood and SC) should remain as seller's markets for magazine publishers. Coated free sheet could be the softest of the three markets. However, if the projected 1989 recession is short lived, all three grades could quickly tighten.

Offshore paper capacity changes ('86-'92) — coated and supercalendered

Location	Company	Grade	1986	1987	1988	1989	1990	1991	1992
			(000 of short tons)						
			70	70	70	70	70	70	70
Italy	Cartiere Di Arbatax	SC	70	70	70	70	70	70	70
Finland	Enso Gutzeit								
			840	840	870	885	1,035	1,070	1,070
W. Germany	Feldmuhle AG (1)	SC	190	190	190	190	190	190	190
		Coated Grwd.	465	465	495	495	495	495	495
		Coated Free	185	185	185	200	350	385	385
			2,245	2,451	2,950	3,050	3,125	3,145	3,145
Finland	Finnpap	Coated Grwd.	772	941	1,255	1,365	1,405	1,410	1,410
	(Finnish Paper Mills)	Coated Free	125	165	260	275	290	290	290
		SC	1,348	1,345	1,435	1,410	1,430	1,445	1,445
			118	125	125	125	125	125	125
Sweden	Hafrestroms AB	Coated Free	118	125	125	125	125	125	125
			705	705	705	705	705	705	705
W. Germany	Haindl Papier	Coated Grwd.	460	460	460	460	460	460	460
		SC	245	245	245	245	245	245	245
			90	100	100	100	100	100	100
Sweden	Holmens Bruk	Coated Grwd.	90	100	100	100	100	100	100
		SC	120	120	120	120	120	120	120
			665	665	665	665	665	665	665
Belgium	KNP Belgie N.V.	Coated Grwd.	345	345	345	345	345	345	345
Netherlands	KNP Nederlandse Papier N.V.	Coated Free	320	320	320	320	320	320	320
			400	400	500	600	600	600	600
W. Germany	MD Papier (1)	Coated Grwd.	400	400	500	600	600	600	600
			100	100	110	120	160	170	170
Spain	Sarrio S.A.	Coated Free	100	100	110	120	160	170	170
			205	205	245	260	260	260	260
Norway	Saugbrugs	SC	205	205	245	260	260	260	260
			90	95	100	100	120	120	120
UK	Star Paper Co.	Coated Free	90	95	100	100	120	120	120
			125	132	150	168	170	170	170
Sweden	Stora Kopparberg	Coated Free	125	132	150	168	170	170	170
		SC	105	110	110	110	110	110	110
			130	150	165	215	222	235	235
Scotland UK	UK Paper	Coated Free	130	150	165	215	222	235	235

(1) WWA Capacity estimates
Source: Walker Wiener Associates (September 1988)

grades

Change ('92/'86)	
Tons	Net change
(000)	%
0	0.0%
0	0.0%
230	27.4%
0	0.0%
30	6.5%
200	108.1%
900	40.1%
638	82.6%
165	132.0%
97	7.2%
7	5.9%
7	5.9%
0	0.0%
0	0.0%
0	0.0%
10	11.1%
10	11.1%
0	0.0%
0	0.0%
0	0.0%
0	0.0%
200	50.0%
200	50.0%
70	70.0%
70	70.0%
55	26.8%
55	26.8%
30	33.3%
30	33.3%
45	36.0%
45	36.0%
5	4.8%
105	80.8%
105	80.8%

Key definitions: Understanding paper grades

The U.S. magazine paper market is supplied by three major paper grades. Close to 80 percent of all papers used by magazines (and the focus of this article) can be classified as coated groundwood, coated free sheet or supercalendered (SC). (The remaining 20 percent of all magazine publication printing papers are newsprint, uncoated groundwood MF specialties, or uncoated free sheet grades.) Within these three major classifications there are numerous emerging subsegments. Additionally, depending on whether your paper is sourced from the United States, Canada or other offshore locations, there are several semantic and quantitative differences. (Most offshore-produced papers are sold on a metric basis, for example, and are generally quoted on a grams-per-square-meter basis.)

The most important grade segments serving the magazine market follow.

- *Coated groundwood printing papers*: These represent close to 58 percent of all magazine printing papers consumed during 1988. Historically, the term "coated groundwood" was synonymous with the term "coated #5." However, the coated groundwood magazine category now encompasses close to 200,000 tons of coated #4.

Papers bearing the groundwood designation contain a minimum of 10 percent (or more) of groundwood and/or mechanical-type pulp in their furnish. Typical coated groundwood sheets contain close to 50 percent to 60 percent groundwood.

For those not familiar with industry classifications, the American Paper Institute (API) divides coated papers into five major segments based on various brightness levels, regardless of groundwood content. Coated number #5 grades generally represent those coated grades with brightness levels of less than 72.9. Coated #4 grades possess brightness ranges from 73 through 78.9. Coated #3 grades and higher range from 79 and higher.

- *Lightly treated coated (LTC)*: These groundwood printing papers, which are sometimes known as pigmented coated papers, have also emerged as a new substrate for magazine publishing. These imported grades are matte finished with printed gloss equivalent to coated #5 grades. More important, their brightness levels extend up to the 74-75 level.

API definitions for coated papers relate to coated glossy grades. By virtue of the matte finish, new LTC grades have provided industry classifiers with a struggle in classification.

- *Coated free sheet printing papers*: These will represent close to 15 percent of all magazine printing papers during 1988. Coated free sheet encompasses the complete range of coated grades from coated #1 through coated #5. The latter segment (coated free sheet, #5), which historically has been exclusively a coated groundwood market segment, currently accounts for close to 5 percent of all coated free sheet printing paper consumption.
- *Supercalendered printing papers*: These represent the third major segment. During 1988, SC grades should represent close to 7 percent of all magazine publishing papers. Within the SC spectrum, there are three identifiable segments and one new segment emerging for magazine publishers.

1. SC-A grades are typically defined as being highly filled (that is, they contain a high clay content, very similar to coated paper), and are highly supered (thus providing a somewhat smooth surface for better printability. Generally, brightness levels are around the 68-70 level, also very similar to coated #5.
2. SC-B grades contain somewhat less filler and are not supered to the levels of SC-A grades. Brightness tends to be around the 65-66 level.
3. SC-C grades contain no filler, but are highly supered. The resulting product has proved to be very competitive with certain SC-B grades—from both a quality and price standpoint.
4. Premium SC-A grades are just emerging as a new segment, and represent a better formed paper grade that is surface sized for improved heatset web-offset printing. Brightness levels will approach coated #5 grade levels.

The most important point in reviewing the magazine paper spectrum is the increasing quality available from SC paper producers. By advancing the capabilities of SC paper grades, magazines using coated #5 have been forced to look at the emerging coated #4 grade category as a means of distinguishing their publications from the average. The overall quality of SC grades is advancing so quickly that, within a few years, even the most sophisticated paper buyer may not able to tell the difference in grade classification. Even today, most consumers would rarely be able to detect, within certain basis weights on a highly ink covered sheet, certain coated #5 grades from some of the better SC finished grades.

FOLIO:'s 1988
Circulation salary survey

The financial rewards for those in circulation can vary widely. See how you compare to your peers in terms of geographic area, circulation size, bonus eligibility and more

BY ROBERT M. STEED

The circulation directors and managers who responded to FOLIO:'s fourth annual compensation survey are a dedicated group of publishing professionals. Describing their greatest challenge, most noted the age-old problem of balancing quantity, quality and cost in delivering subscribers/newsstand buyers, and the difficulties of acquiring/managing good lists in an intensely competitive environment.

For those who manage those tasks and the myriad other responsibilities that are part of the circulation territory, the rewards can be substantial—especially for circulation directors at large consumer publications. This survey provides the complete rundown on salary and total compensation for both top circulation executives (directors) and the second level of circulation management (managers), broken down by key indicators such as circulation size, years in the business, region of the country and more.

Some of the key findings:

- Circulation directors earn substantially more than managers—their average salary is 63 percent higher. And the total compensation of those circulation directors who receive a bonus is double that of managers.
- Salaries of circulators at both levels who work on consumer magazines are almost 18 percent more than the salaries of those who work on business publications. But this results mainly from salaries of those on large circulation consumer titles.
- People working on publications with circulations of 500,000 or more take home much more, in both salary and total compensation, than those working on smaller books.
- Bonuses are a key factor in the pay of circulation directors, but are relatively unimportant for managers. Indeed, managers who receive only a salary are paid slightly more than the salary plus bonus of those who also receive a bonus.

Circulation directors

Overall salaries of circulation directors average $42,558, with directors on consumer magazines averaging $46,234 and those on business magazines taking home $39,259. This almost

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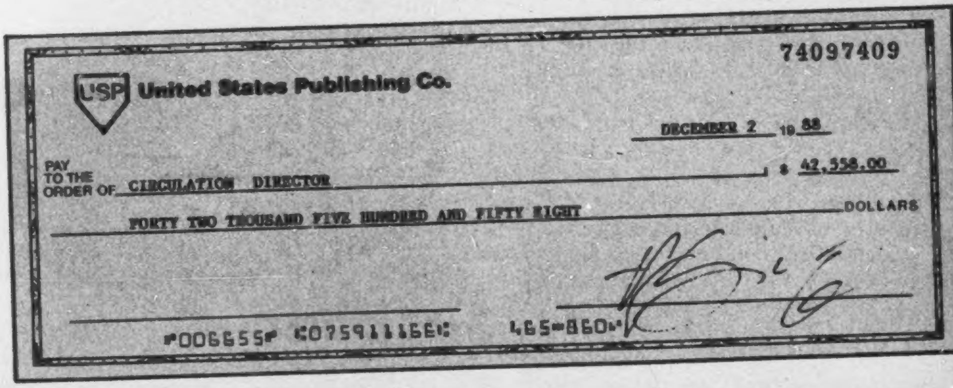
Robert M. Steed is managing director of Human Resource Services, Inc., a Manhattan-based firm providing a broad range of consulting services, including executive search, to the communications, consumer packaged goods and financial services industries. Before joining HRS, he was vice president and director of personnel of Time Inc.



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18 percent difference is caused mainly by the high number of respondents from large circulation consumer titles. The difference in total compensation is even larger—directors on consumer magazines who receive both salary and bonus earn 31 percent more than their business magazine counterparts.

Salaries of the top one-third of directors are almost 2.7 times those of the bottom one-third, indicating that there are significant factors at work that affect the compensation of these executives who, on the face of things, have similar job responsibilities.

One powerful factor is circulation size. Average salaries for directors increase steadily as magazines grow from less than 20,000 circulation up to 500,000, and then jump sharply, from $45,153 to $73,294, for directors at magazines of 500,000 circulation and up. Digging behind the data reveals that, although the overall average salary of directors on consumer magazines is higher, business magazine directors earn more than their consumer counterparts in each of the circulation size groups up to 500,000. This example underscores the importance of careful analysis of the data. Often the most useful information is in the breakdowns, not in the overall averages.

> **"It's crucial to motivate people to think and do their best. Circulation sales and customer service tend to be 'dry'; it's a challenge to keep people 'up.' "**
>
> —Circulation director in the West, with more than 10 years' experience, earning salary in the low seventies and bonus of approximately $25,000.

[redacted]

Salary also increases steadily as the size of the circulation department grows—rising from $27,683 for those who supervise no one to $64,469 for those with departments of more than 10 people. And, not surprisingly, if the director is responsible for more than one magazine, earnings rise appreciably.

Using the numbers

It is important to use the compensation information in this survey cautiously. In many instances there were not enough respondents in certain cells to allow valid conclusions to be reached. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses). In addition, not all respondents answered all questions. Therefore, the total number of respondents in the average column of a chart, for example, is not necessarily the sum of the subcategories.

The survey also compares only one variable at a time. For example, circulation directors in the Northeast earn higher salaries than their peers in other regions—but are those in the Northeast who participated in the survey working on larger circulation magazines? Are they the ones with the most experience? The survey methodology does not allow these multiple variables to be analyzed.

Last, one should be extremely cautious about comparing the data in this survey with data from prior years. While the data collected are the same, those who responded to this survey may well come from a different mix of magazines or represent a different demographic mix than respondents to prior surveys.

Experience also pays off. Directors in the business more than 10 years earn almost twice the salary of those with less than three years' experience. Although longer-service directors on consumer magazines earn more than those on business publications, shorter-tenure directors for business magazines receive higher salaries than those on consumer publications.

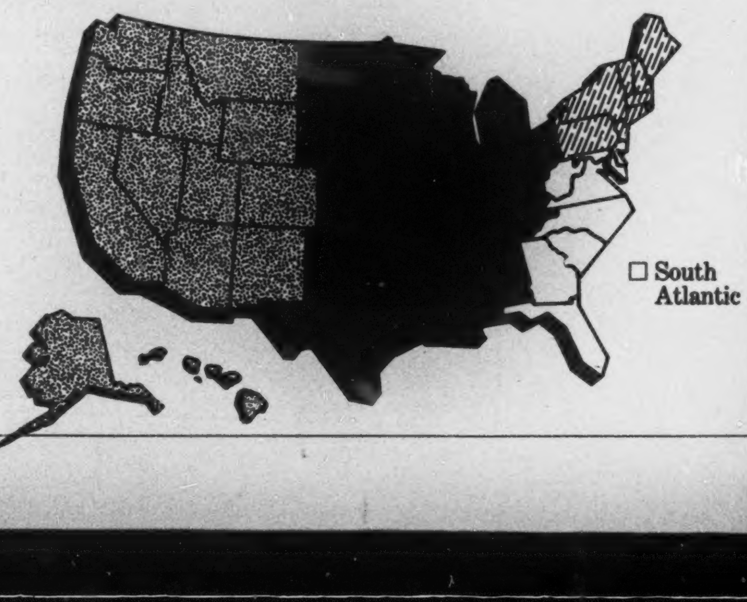
Logic suggests that higher-paid directors with large staffs also tend to be those with more years in the business and, in general, those who work for large circulation magazines. However, because this survey can examine only one variable at a time (see box on methodology), it is not possible to determine if this is actually the case.

This sample of circulation directors is 58 percent female. Yet their average salary is only 75 percent of men's, with the disparity even more striking among consumer magazines. The ratio is the same on a total compensation basis; but it should be noted that, while 58 percent of men are eligible for bonuses, only 43 percent of women are. Magazines in the Northeast pay circulation directors the most—by about one-third. The difference is especially large among consumer magazines, which pay salaries from 42 percent to 63 percent higher in the Northeast than in the rest of the country.

Frequency gives somewhat mixed signals regarding compensation—at least in this sample. The highest paid directors, at $49,791, are on biweeklies, but the sample size is fairly small in that group. The next highest paid, at $43,135, work on monthlies, which

The regions have been divided as follows:

▨ Western ■ Central ▨ Northeast



☐ South Atlantic

have the highest concentration of consumer magazine respondents.

Directors on paid circulation magazines earn 15 percent more than those on nonpaid magazines. But, interestingly, those on nonpaid business publications have slightly higher salaries than those on business titles with paid circulations—suggesting that the art of maintaining a high quality controlled circulation subscriber base is valued by publishers.

Circulation managers

Circulation managers earn sharply lower salaries than do directors—an average of $26,136 versus $42,558. And their total compensation, for those receiving salary and bonus, is only half that of directors—$26,381 compared with $53,699. As with directors, however, managers on consumer magazines earn about 18 percent more than their business counterparts; and much of that is a result of higher salaries paid to managers on magazines of 500,000 circulation and up.

> **"My greatest problem is to get publishers and financial executives to understand circulation basics and theoretics. It is a rare individual who understands what we do and why we do it."**
>
> —Circulation manager in the Northeast, with 10 years' experience, working on a business weekly, earning $45,000 in salary.

[illegible]

Managers in the top one-third earn salary and total compensation about 2.3 times those in the bottom one-third. And within the breakdowns of the data, the differences in compensation are also smaller than among directors.

Size of magazine remains the best indicator of salary, with steady increases from magazines under 20,000 circulation to those up to 500,000, and then a sizable jump for those of 500,000 and more. Another proxy for size is number of employees supervised; salary grows from $20,678 for those who supervise no one to $33,805 for those

Circulation director

Circulation director or top circulation executive: Plans, directs and coordinates circulation marketing efforts. Directly responsible for budgeting and analyses of single-copy and all subscription programs, list rentals, and database planning and maintenance.

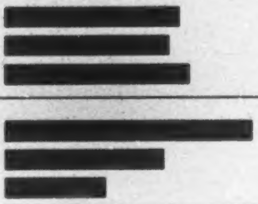
Average salaries (The number of respondents is in parentheses.)		**% increase from '87 to '88**
All respondents	$42,558 (257)	10.0%
Business	39,259 (138)	9.1
Consumer	46,234 (118)	10.9
Top one-third	$65,584 (85)	
Middle one-third	37,661 (86)	
Bottom one-third	24,698 (86)	

	Average	Average business	Average consumer
By region:			
Northeast	$49,449 (110)	$42,427 (55)	$56,471 (55)
South Atlantic	37,302 (38)	39,581 (21)	34,486 (17)
Central	37,498 (64)	36,538 (45)	39,774 (19)
Western	36,621 (43)	35,806 (16)	36,069 (26)
By sex:			
Male	$49,744 (107)	$44,038 (61)	$57,312 (46)
Female	37,432 (150)	35,474 (77)	39,157 (72)
By years in circulation:			
Up to three	$29,902 (67)	$32,044 (37)	$27,260 (30)
4-10	42,717 (127)	39,586 (67)	45,911 (59)
More than 10	55,698 (63)	46,468 (34)	66,521 (29)
Eligible for bonus/incentive:			
Yes	$47,253 (140)	$42,297 (67)	$51,631 (72)
No	36,941 (117)	36,392 (71)	37,787 (46)
By employees supervised:			
None	$27,683 (20)	$25,808 (6)	$28,486 (14)
1-2	33,524 (78)	32,726 (37)	34,244 (41)
3-10	44,293 (123)	39,798 (76)	51,290 (46)
More than 10	64,469 (36)	54,074 (19)	76,088 (17)
Responsible for:			
One magazine	$36,625 (90)	$35,491 (38)	$37,454 (52)
More than one magazine	45,756 (167)	40,691 (100)	53,152 (66)
By circulation:†			
Up to 19,999	$30,110 (31)	$31,992 (25)	$22,267 (6)
20,000-49,999	31,800 (57)	33,980 (39)	27,076 (18)
50,000-99,999	39,487 (60)	41,576 (36)	35,152 (23)
100,000-499,999	45,153 (77)	47,072 (36)	43,468 (41)
500,000 and more	73,294 (32)	50,700 (2)	74,800 (30)
By frequency:†			
Weekly	$39,529 (35)	$37,859 (32)	$57,333 (3)
Biweekly/twice monthly	49,791 (17)	44,227 (13)	67,875 (4)
Monthly	43,135 (163)	38,886 (76)	46,648 (86)
Other	40,010 (39)	41,067 (15)	39,350 (24)
By type of circulation:†			
Paid	$44,931 (152)	$37,496 (43)	$47,714 (108)
Nonpaid	39,123 (105)	40,057 (95)	30,250 (10)

† Refers to the largest circulation magazine on which respondent works

Circulation manager

Circulation manager: Generally the second level of management in the circulation department. Administers circulation programs for subscriptions and single-copy sales. Handles all facets of circulation for one or more titles.



Average salaries (The number of respondents is in parentheses.)		% increase from '87 to '88
All respondents	$26,136 (239)	9.0%
Business	24,470 (132)	9.0
Consumer	28,799 (99)	8.8
Top one-third	$38,358 (79)	
Middle one-third	23,532 (80)	
Bottom one-third	16,673 (80)	

	Average	Average business	Average consumer
By region:			
Northeast	$30,415 (97)	$27,517 (52)	$33,986 (44)
South Atlantic	23,463 (33)	24,647 (19)	22,195 (10)
Central	21,924 (62)	20,079 (40)	25,795 (21)
Western	24,572 (46)	25,130 (21)	24,328 (23)
By sex:			
Male	$34,058 (48)	$33,765 (20)	$34,268 (28)
Female	24,146 (191)	22,811 (112)	26,642 (71)
By years in circulation:			
Up to three	$21,570 (101)	$20,652 (62)	$23,197 (36)
4-10	28,264 (106)	26,400 (54)	30,883 (48)
More than 10	33,502 (32)	32,754 (16)	35,573 (15)
Eligible for bonus/incentive:			
Yes	$24,519 (86)	$23,189 (50)	$26,855 (33)
No	27,045 (153)	25,252 (82)	29,771 (66)
By employees supervised:			
None	$20,678 (77)	$20,308 (55)	$21,943 (20)
1-2	25,945 (96)	25,210 (43)	26,870 (49)
3-10	32,532 (53)	29,289 (24)	36,380 (27)
More than 10	33,805 (13)	32,616 (10)	37,767 (3)
Responsible for:			
One magazine	$22,579 (96)	$20,886 (51)	$24,925 (40)
More than one magazine	28,564 (141)	26,855 (80)	31,363 (58)
By circulation:†			
Up to 19,999	$20,453 (56)	$20,086 (40)	$21,542 (12)
20,000-49,999	22,837 (52)	23,400 (38)	21,307 (14)
50,000-99,999	26,736 (51)	27,472 (30)	25,870 (20)
100,000-499,999	28,759 (54)	28,741 (22)	29,678 (29)
500,000 and more	39,842 (24)	40,500 (2)	39,782 (22)
By frequency:†			
Weekly	$28,616 (20)	$29,915 (13)	$27,680 (5)
Biweekly/twice monthly	31,582 (20)	30,303 (12)	35,143 (7)
Monthly	26,475 (143)	24,071 (80)	29,839 (61)
Other	22,442 (56)	20,441 (27)	24,864 (26)
By type of circulation:†			
Paid	$27,522 (143)	$25,538 (48)	$28,994 (90)
Nonpaid	23,903 (92)	23,584 (83)	26,844 (9)

† Refers to largest circulation magazine on which respondent works

with a staff of more than 10, a relatively modest 63 percent differential. Even years in the circulation business doesn't have a major impact, with salary moving from $21,570 for those with less than three years' experience to only $33,502 for those with more than 10.

A solid 80 percent of circulation managers in this sample are female. Yet they trail their male counterparts in salary, $24,146 to $34,058 (71 percent), and in total compensation for those who receive a bonus—$23,968 to $40,423 (60 percent). As noted earlier, because this survey examines only one variable at a time, it is not possible to determine how much of this variation is due to differences in experience or size of magazine.

> "Finding a new creative warp for my publication to be seen in our market is what I'm after."
>
> —Circulation manager in the West, working on a business monthly with a circulation of 70,000, earning salary in the low twenties.

Once again the Northeast is the place to be, leading the Western region by about $6,000 and the Central by $8,500. Those differences are much smaller among individuals receiving salary and bonus, but the Northeast still comes out on top.

With circulation managers (as with directors), frequency is not a clear indicator of compensation. Salaries at biweeklies are slightly higher than at weeklies—although both categories have fairly small data samples. Salaries for those working on monthlies, where the bulk of circulation managers work, are up to 25 percent less than salaries for those working on weeklies or biweeklies in all breakdowns of the data except for consumer weeklies. Those working on paid circulation magazines earn slightly more than those on unpaid ones—even for business publications, where directors on unpaid circulation magazines came out ahead.

Salary plus bonus

FOLIO: is also publishing charts showing the amount of incentive bo-

Average annual total compensation*

	Circulation director	Circulation manager
Receive bonus/incentive:		
Yes	$53,699 (127)	$26,381 (75)
No	36,941 (117)	27,045 (153)
By magazine type:		
Consumer	$60,762 (63)	$28,460 (28)
Business	46,402 (63)	25,380 (44)
By region:		
Northeast	$63,108 (60)	$29,866 (27)
South Atlantic	40,616 (18)	26,643 (7)
Central	42,369 (27)	22,262 (26)
Western	52,240 (20)	27,128 (15)
By sex:		
Male	$61,088 (62)	$40,423 (11)
Female	46,652 (65)	23,968 (64)
By years in circulation:		
Up to three	$32,642 (31)	$21,417 (34)
4-10	54,721 (55)	28,129 (29)
More than 10	68,251 (41)	36,223 (12)
By employees supervised:		
None	$30,756 (8)	$21,368 (18)
1-2	37,192 (27)	25,056 (32)
3-10	54,048 (69)	29,871 (19)
More than 10	80,013 (23)	37,443 (6)
Responsible for:		
One magazine	$45,599 (39)	$23,901 (27)
More than one magazine	57,289 (88)	28,010 (47)
By circulation:†		
Up to 19,999	$38,499 (12)	$23,121 (20)
20,000-49,999	35,864 (26)	24,938 (15)
50,000-99,999	46,081 (32)	24,798 (17)
100,000-499,999	56,346 (37)	27,698 (18)
500,000 and more	93,300 (20)	50,000 (4)
By frequency:†		
Weekly	$48,080 (20)	$37,275 (2)
Biweekly/twice monthly	64,967 (12)	25,134 (5)
Monthly	53,469 (81)	26,840 (47)
Other	54,429 (12)	24,614 (21)
By type of circulation:†		
Paid	$58,576 (79)	$28,529 (42)
Nonpaid	45,674 (48)	23,747 (32)

* Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.
† Refers to the largest circulation magazine on which respondent works

Average annual bonus/incentive*

	Circulation director	Circulation manager
Average bonus/incentive:	$6,333 (127)	$1,706 (75)
By magazine type:		
Consumer	$7,786 (63)	$2,024 (28)
Business	4,909 (63)	1,574 (44)
By region:		
Northeast	$7,970 (60)	$2,082 (27)
South Atlantic	6,063 (18)	3,000 (7)
Central	3,513 (27)	1,186 (26)
Western	5,730 (20)	1,325 (15)
By sex:		
Male	$7,484 (62)	$3,241 (11)
Female	5,235 (65)	1,442 (64)
By years in circulation:		
Up to three	$2,458 (31)	$1,448 (34)
4-10	5,538 (55)	1,741 (29)
More than 10	10,329 (41)	2,352 (12)
By employees supervised:		
None	$2,156 (8)	$1,379 (18)
1-2	2,611 (27)	1,817 (32)
3-10	6,931 (69)	1,916 (19)
More than 10	10,361 (23)	1,433 (6)
Responsible for:		
One magazine	$5,694 (39)	$2,003 (27)
More than one magazine	6,616 (88)	1,565 (47)
By circulation:†		
Up to 19,999	$5,316 (12)	$1,829 (20)
20,000-49,999	3,896 (26)	1,307 (15)
50,000-99,999	4,775 (32)	1,265 (17)
100,000-499,999	5,768 (37)	1,653 (18)
500,000 and more	13,650 (20)	4,875 (4)
By frequency:†		
Weekly	$6,440 (20)	$5,275 (2)
Biweekly/twice monthly	7,467 (12)	1,182 (5)
Monthly	6,491 (81)	1,449 (47)
Other	4,721 (12)	2,067 (21)
By type of circulation:†		
Paid	$7,680 (79)	$2,323 (42)
Nonpaid	4,116 (48)	933 (32)

* The number of respondents is in parentheses.
† Refers to the largest circulation magazine on which respondent works

Range of average bonus/incentive and total compensation*

Average bonus/incentive

Circulation director:		
Top one-third	$13,445	(42)
Middle one-third	4,158	(42)
Bottom one-third	1,510	(43)
Circulation manager:		
Top one-third	$3,826	(25)
Middle one-third	951	(25)
Bottom one-third	341	(25)

Average total compensation

Circulation director:		
Top one-third	$84,224	(42)
Middle one-third	46,495	(42)
Bottom one-third	30,922	(43)
Circulation manager:		
Top one-third	$39,257	(25)
Middle one-third	22,654	(25)
Bottom one-third	17,233	(25)

*The number of respondents is in parentheses.

nus for circulation professionals and the total compensation (salary plus bonus) for those individuals who receive both. The addition of a bonus has a major impact on compensation, especially for circulation directors.

About 49 percent of directors receive a bonus—and they average total compensation of $53,699, almost 45 percent more than those who received salary only. Indeed, the salary alone of directors eligible for a bonus is substantially more than that of their counterparts—$47,253 versus $36,941, an indication, borne out by the data, that bonus eligibility is more prevalent on larger magazines.

When the total compensation data for directors are broken down more finely—by region, experience, circulation size and the like—they indicate essentially the same relationships and trends as are evident in the data for salary only. For example, much of the substantial difference between average total compensation and average salary can be traced to directors on large circulation magazines—who are more likely to receive a bonus and who averaged $93,300 in total compensation. Some relationships shift, however; for example, the Western region jumps from last in salary to second in total compensation of directors.

Bonus payments are not a significant part of the compensation package for circulation managers. Only 31 percent receive a bonus, and those receiving salary plus bonus actually earn slightly less than the salary of those who get no bonus. This contrasts starkly with the patterns for their circulation director bosses. For example:

- The average salary of all circulation managers is virtually identical to the average total compensation of those receiving salary and bonus, whereas the average circulation director's salary of $42,558 jumps to $53,699 in total compensation.
- The average bonus for circulation directors is $6,333, almost four times the $1,706 bonus received by managers. As a percentage of salary of people eligible for a bonus, average bonus is 13 percent for directors and 7 percent for managers.
- The impact of these differences shows up most strikingly among the higher paid circulators, with directors in the top one-third of total compensation receiving average bonuses of $13,445 and average total compensation of $84,224, versus $3,826 and $39,257, respectively, for managers.

The data do not suggest the reason for this disparity. One can only speculate that the circulation director is perceived to have a much larger impact than the second level of circulation management. Given the growing complexity and competitiveness of the circulation environment and the increasing importance of circulation net to the bottom line, one can expect a growing understanding of the contribution that circulation professionals at all levels make to the profitability and success of the publication. Mimicking trends in compensation practices generally, that contribution is likely to be reflected by increasing use of incentive payments.☐

Methodology

Five hundred fifty-six of the 1,186 circulation professionals who received questionnaires responded to FOLIO:'s fourth annual circulation salary survey, resulting in a response rate of 46.9 percent. Of the total responses, 496 contained sufficient information to be used for tabulation. The survey was conducted in June through two mailing efforts. Participants were asked to supply data reflecting 1988 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if a circulation professional indicated that his or her annual bonus/incentive would be between $4,000 and $6,000, the arithmetic mean of $5,000 was used as that respondent's expected bonus incentive for the year.

The sample was evenly divided among circulation directors and managers, and each job category was evenly divided between consumer and business publications. Also, about one-third of the sample went to circulators on publications over 100,000 in circulation and two-thirds to those on smaller publications, with each size group evenly divided between consumer and business magazines and between directors and managers.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire; respondents were asked to mark the description that most accurately reflected their duties.

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Circulation Direct Marketing Awards

39 winning promotions

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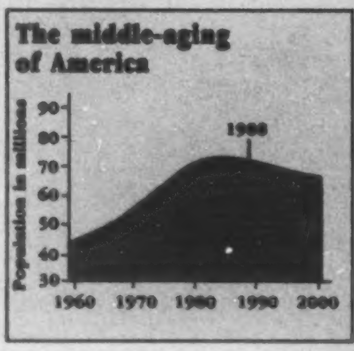

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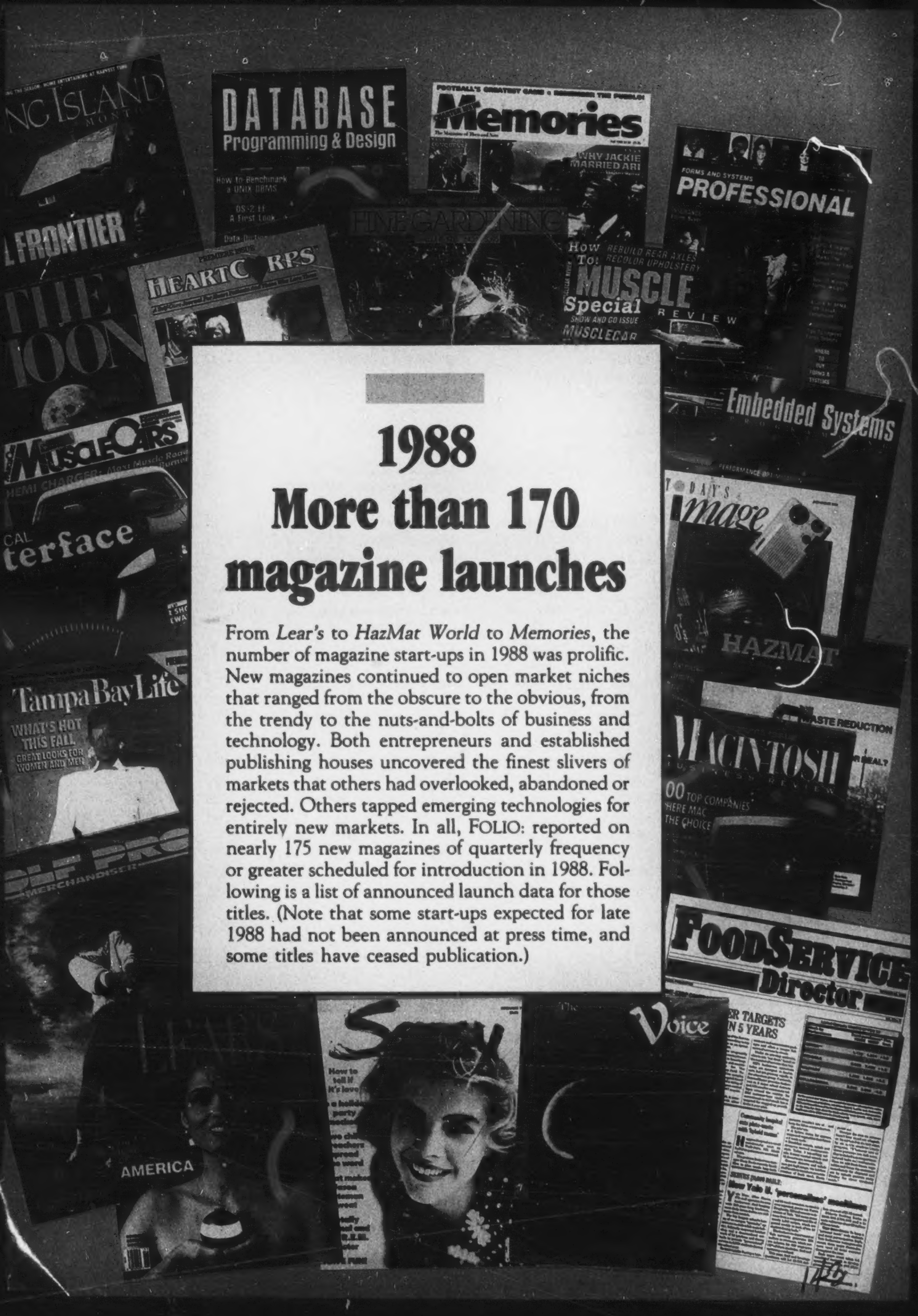
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1988
More than 170 magazine launches

From *Lear's* to *HazMat World* to *Memories*, the number of magazine start-ups in 1988 was prolific. New magazines continued to open market niches that ranged from the obscure to the obvious, from the trendy to the nuts-and-bolts of business and technology. Both entrepreneurs and established publishing houses uncovered the finest slivers of markets that others had overlooked, abandoned or rejected. Others tapped emerging technologies for entirely new markets. In all, FOLIO: reported on nearly 175 new magazines of quarterly frequency or greater scheduled for introduction in 1988. Following is a list of announced launch data for those titles. (Note that some start-ups expected for late 1988 had not been announced at press time, and some titles have ceased publication.)

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New magazine start-ups – 1988

Magazine	Company	Audience	Circulation in thousands	Type of circulation
January/Business				
Adolescent & Pediatric Gynecology	Springer-Verlag, Inc.	Gynecologists	NA	Nonpaid
American Journal of Knee Surgery	Slack, Inc.	Knee specialists and sports trainers	1	Paid
Buying Office Products	Data Base Publications	Office machine users	100	Paid & nonpaid
Cameo	Cameo Magazine, Inc.	Beauty salon users	50	Paid
Defense Computing	E.W. Communications Inc.	Military personnel	20	Paid & nonpaid
Heart Beat	Healthteam Communications	Cardiology patients	47	Nonpaid
Infectious Diseases in Children	Slack, Inc.	Practicing pediatricians	30	Nonpaid
Maintenance Technology	Applied Technology Publications	Industrial maintenance professionals	80	Nonpaid
Medical Interface	Medicom International Inc.	Physicians and pharmaceutical company personnel	28	Nonpaid
Plastics Packaging	Edgell Communications, Inc.	Plastic material and product users	55	Nonpaid
Scrap Processing and Recycling	Institute of Scrap Recycling Industries, Inc.	Scrap dealers, recycling business personnel and industry experts	5	Paid
Sun Technology	Sun Microsystems, Inc.	Users of high performance work stations	25	Nonpaid
Travel/Age Caribbean	Official Airline Guides Inc.	United States travel agents	81	Nonpaid
Travel/Age Europe	Official Airlines Guide Inc.	United States travel agents	81	Nonpaid
January/Consumer				
Angling Adventures	In-Fisherman, Inc.	Fishermen	300	Paid
KCET	Knapp Western Publishing	Public television viewers	250	Nonpaid
Naval History	U.S. Naval Institute	Naval history enthusiasts	22	Paid
New Hampshire Spirit	Flair Publishing & Marketing Corporation	Outdoor enthusiasts	30	Paid
Travel Today	Fairchild Publications	Travelers	400	Paid
Visions	Vance Publishing Corporation	Salon clients	135	Paid
World Watch	World Watch Institute	Environmentalists	NA	Paid
February/Business				
Database Programming & Design	Miller Freeman Publications	Data processing managers	25	Paid
Forms and Systems Professional	North American Publishing Company	Forms managers and designers	25	Nonpaid
Hardwood Floors	AB Publishing	Floor covering retailers, builders, interior designers	20	Nonpaid
New York Doctor	New York Doctor, Inc.	New York physicians	30	Nonpaid
Swine Practitioner	Vance Livestock Publications	Professional swine herders	NA	Paid & nonpaid
Today's Chemist	Centcom Ltd.	Lifestyle magazine for chemists	61	Nonpaid

New magazine start-ups – 1988

Magazine	Company	Audience	Circulation in thousands	Type of circulation
February/Consumer				
Recovery Now	Recovery Now	Victims of addiction or substance abuse	200	Paid
Sassy	Fairfax Publications Inc.	Teenage girls	400	Paid
Snow Country	Golf Digest/Tennis, Inc.	Ski resort tourists	150	Paid
Soap Opera Update	Digest Publishing	Daytime television viewers	250	Paid
U.	Sheena Paterson-Berwick	College Students	1,400	Nonpaid
March/Business				
Final Frontier	Final Frontier	Space enthusiasts	60	Paid
LA Business	California Business News, Inc.	Los Angeles business community	85	Nonpaid
Television Business International	TBI Ltd.	Television industry executives, financiers and investors	8	Nonpaid
March/Consumer				
7 Days	VV Publishing Company	Working, married and upscale couples	50	Paid
America's Civil War	Empire Press	Civil War enthusiasts	75	Paid
Autotech	LFP, Inc.	New car enthusiasts	163	Paid
Lear's	Lear Publishing	Middle-aged women	200	Paid
Oh! Idaho	Peak Media Inc.	Idaho residents	20	Paid & nonpaid
Science Digest	Family Media, Inc.	Science enthusiasts	400	Paid
Southern Bride	Pace Communications, Inc.	Southern brides	150	Paid & nonpaid
SportCare & Fitness	SportCare, Inc.	Coaches, trainers, aerobic and fitness instructors	35	Paid
Thinking Families	Communications Plus, Inc.	Parents of elementary school children	50	Paid & nonpaid
Trips	Banana Republic	Travelers	300	Paid
Vietnam	Empire Press	People interested in the Vietnam War	75	Paid
April/Business				
Global Business	Headway Publications	Executives in the communication industry	50	Nonpaid
Golf Pro Merchandiser	Fairchild Publications	Golf managers	11	Nonpaid
Hyperlink	Publishing Guide, Inc.	Apple's Macintosh users	30	Paid
Journal of Object-Oriented Programming	SIGS Publications, Inc.	Software designers and engineers	7	Paid
Masonry Construction	Concrete Construction Publications, Inc.	Masonry constructors	20	Nonpaid
Northeast International Business	American International Publishing Corporation	Executives of Northeastern U.S. companies	40	Nonpaid
RIS News	Edgell Communications, Inc.	Computer retailers	10	Nonpaid
World Trade	Orange County Media Group	Top executives of international companies	32	Nonpaid
April/Consumer				
America Entertains	Working Woman/ McCall's Group	Women	300	Paid
Baseball Card Price Guide Monthly	Krause Publications	Baseball card collectors	185	Paid

New magazine start-ups – 1988

Magazine	Company	Audience	Circulation in thousands	Type of circulation
April/Consumer				
Baseball Card Show Calendar	Krause Publications	Card Show enthusiasts	5	Paid
Business Traveler International	Perry Publications, Inc.	Overseas business travelers	40	Paid & nonpaid
Gun Show Calendar	Krause Publications	Gun show enthusiasts	5	Paid
Health Express	Davis Communications Company	Health and fitness equipment users	200	Paid
Lifeline	National Foundation for Alcoholism Communications	Medical professionals and recovering addicts	200	Paid
Memories	Diamandis Communications, Inc.	40 year-old + men and women	500	Paid
Old Cars Show and Auction Calendar	Krause Publications	Car auction buyers and sellers	15	Paid
Pleasant Hawaii	Pleasant Hawaiian Holidays	Hawaiian tourists	200	Nonpaid
Relationship's Today	Romantic Lifelines, Inc.	People in relationships	160	Paid
Urban Profile	Kompass Associates	Black American youth	3	Nonpaid
Wild West	Empire Press	People interested in the history of the West	75	Paid
May/Business				
CBT Directions	Weingarten Publications, Inc.	Managers or designers of technology	10	Nonpaid
Corporate Health	Corporate Health	Healthcare benefits executives	50	Nonpaid
Designers' Kitchens and Baths	Gralla Publications	Designers	30	Nonpaid
Desktop Publishing Journal	The Desktop Publishing Journal	Novice and intermediate desktop professionals	40	Paid & nonpaid
Everyday Law	Association of Trial Lawyers of America	Citizens interested in knowing more about law	20	Nonpaid
FoodService Director	Bill Communications	Professionals in food service	45	Nonpaid
Macintosh Business Review	VNU Business Publications	Mac users in top level business operations	60	Nonpaid
Presentation Products	Pacific Magazine Group, Inc.	People who create and deliver presentations	51	Nonpaid
Today's Distributor	Johnson Hill Press, Inc.	Industrial and construction distributors	42	Nonpaid
Venture Japan	Asia Pacific Communications	American business in the Japanese market	30	Paid
May/Consumer				
Animals' Voice	Compassion for Animals Foundation, Inc.	Animal lovers	40	nonpaid
Buena Salud	InterAmerican Medical Publishing	Hispanic Americans	42	Nonpaid
Contemporanea	Gabriela Fanning	Art enthusiasts	25	Paid
Fine Gardening	Taunton Press, Inc.	Serious home gardener	85	Paid
Golf for Women	Brumitt Publishing Inc.	Women golfers	25	Paid
Hartford Monthly	Hartford Monthly	Greater Hartford area	32	Paid & nonpaid
PhillySport	PhillySport	Philadelphia sports fans	50	Paid & nonpaid
Prost!	Brandon Chase Publications	Alcoholic beverage buyers	300	Paid
Rhode Island Monthly	Rhode Island Monthly, Inc.	State of Rhode Island	15	Paid
Tennessee Illustrated	Whittle Communications	Doctor's waiting room	2,000	Nonpaid
Urban Profile	Kompass Associates	Young black achievers	6	Nonpaid
Video Choice	Connell Communications Inc.	Video buyers	100	Paid

New magazine start-ups – 1988

Magazine	Company	Audience	Circulation in thousands	Type of circulation
June/Business				
Black Health	Black Health Publications, Inc.	Physicians treating black patients	25	Nonpaid
Employee Assistance	Stevens Publishing Corporation	Employee assistance administrators	21	Nonpaid
Festivity!	Festivities Publications, Inc.	Retailers of party goods	20	Paid & nonpaid
HazMat World	Tower Borner Publishing Inc.	Individuals who purchase products for hazardous materials, waste management	35	Nonpaid
Healthy Heart	Medical Economics Company, Inc.	Heart physicians	10	Nonpaid
Today's Image	Dancer, Smiley & Associates, Inc.	Businesses that serve image-conscious customers	33	Nonpaid
Unix Today	CMP Publications, Inc.	Unix computer systems users	35	Nonpaid
June/Consumer				
Buzzworm	Buzzworm Inc.	Environmentalists and conservationists	50	Paid & nonpaid
Modern Short Stories	Claggk, Inc.	Short-story readers	95	N/A
Monroe	Miotke Media & Marketing, Inc.	Residents in Monroe County Michigan	17	Nonpaid
Muscle Cars	Cars and parts magazine	Car lovers	NA	Paid
New Family	Diamandis Communications, Inc.	Single-parent homeowners	600	nonpaid
New Home	Gilford Publishing	New homeowners	300	Nonpaid
Rhythm	Music Maker Publications, Inc.	Percussionists and programmers	50	Paid & nonpaid
July/Business				
Airliners	World Transport Press, Inc.	Airliner professionals	9	Paid
Alabama Health News	Birmingham Business Journal	Medical professionals in the state of Alabama	15	Paid & nonpaid
Communications Week International	CMP Publications, Inc.	Communications managers	20	Nonpaid
The Financial Manager	Warren, Gorham & Lamont, Inc.	Financial and accounting executives	15	Paid
Publishing News	Hanson Publishing Group, Inc.	Publishing industry	27	Nonpaid
Voices	Nouvelle Image	Beauty professionals	50	Nonpaid
July/Consumer				
Car Audio & Electronics	Curt Co. Publishing	People interested in buying electronics for their cars	225	Paid & nonpaid
Grandslam	Condor Brooks Inc.	Baseball fans	NA	Paid
HeartCorps	American Health Publications	Cardiology patients and their families	250	Paid
Model	Family Media, Inc.	Young women interested in beauty and fashion	225	Paid
Movie USA	Entertex Industries	Movie-goers	1,000	Nonpaid
Pacific Diver	Western Outdoor Publishing Co.	Western sport divers	25	Paid
Quintessential Greenwich Village	Gilbert M. Delos-Reyes	New York City visitors and commuters	25	Paid
Soap Opera Digest Presents	Network Publishing Corporation	Daytime television viewers	500	Paid

New magazine start-ups – 1988

Magazine	Company	Audience	Circulation in thousands	Type of circulation
August/Business				
High Tech Lifestyles	Business People, Inc.	Advertisers seeking trained professionals	100	Nonpaid
PC/Computing	Ziff Davis Publishing Company	Computer	400	Paid & nonpaid
Recruitment Today	Personnel Journal	Personnel recruiters	42	Nonpaid
August/Consumer				
Angeles	California Magazine Ltd.	Residents of West Los Angeles	75	Nonpaid
Cross Quick	Craftways Publications	Needlework enthusiasts	750	Paid
Dome	Dome	Dome lovers	2	Paid
Fame	Steven Greenberg and Gael Love	Young, aggressive and affluent Americans	200	Paid & nonpaid
Long Island Monthly	CMP Publications, Inc.	Long Island residents	70	Paid
Renaissance	BHL Publishing	Art lovers age 55 and older	200	Nonpaid
Smart	Smart American, Inc.	Fashion literature and art consumers	150	Paid
Video Scene	Informedia Inc.	Video viewers	NA	Paid
WorldStyle	WorldStyle, Inc.	Affluent and fashion conscious women	3,300	Nonpaid
September/Business				
Aerospace Composites and Materials	Shephard Press LTD	Aircraft composite users	50	Paid & nonpaid
Business Interiors	Bus-Fac Publishing Company	Facility managers and designers	33	Nonpaid
Corporate Video Decisions	Act III Publishing	Corporate and industrial television market	40	Nonpaid
DBMS	M & T Publications, Inc.	Creators of software applications for database management systems	57	Paid
DNR Monday	Fairchild Publications, Inc.	Men's fashion trade	23	Nonpaid
Diving World	Creative Age Publications	Owners of diving retail stores	11	Nonpaid
Health Facilities Management	American Hospital Publishing	Surgeons and healthcare facility workers	40	Nonpaid
Macintosh News	CMP Publications	Macintosh resellers and software and hardware developers	20	Nonpaid
MidRange Systems	Professional Press, Inc.	Computer users	35	Nonpaid
Processed Poultry	Watt Publishing Company	Poultry distributors and marketers	15	Nonpaid
Special Reports	Whittle Communications	Waiting room magazine	15	Paid
Superconductor Industry	Rodman Publications, Inc.	People in superconducter management, production, research	6	Nonpaid
Tampa Bay New Homes	Micromedia Affiliates, Inc.	Local builders, developers and real estate agents	60	Paid & nonpaid
Traditional Building	Historical Trends Corporation	Historical site architects, contractors, builders	11	Nonpaid

New magazine start-ups – 1988

Magazine	Company	Audience	Circulation in thousands	Type of circulation
September/Consumer				
Access Chicago	Healthcare Publishing Inc.	Chicago area adults 55 years of age and older	50	Nonpaid
Betsy McCall	Working Woman/ McCall's Group	Children ages 6-12	600	Supplement
Games Junior	PSC Publishing	Children and parents	0	Paid
Second Wind	Intercontinental Publications, Inc.	Adults aged 45-69	160	Paid
Tampa Bay Life	Micromedia Affiliates, Inc.	Local residents	25	Paid
Toy Shop	Krause Publications, Inc.	Toy collectors	15	Paid
Trends in Computing	Scientific American	Science and computer enthusiasts	100	Nonpaid
World Monitor	Christian Science Publishing Society	Educated and high income people who want analysis and insight in a story	200	Paid
October/Business				
Advanced Systems News	Cahners Publishing Co.	Manufacturing and warehouse systems executives	60	Nonpaid
Chronicle of Philanthropy	Chronicle of Higher Education, Inc.	Fund raisers and foundation managers	20	Paid & nonpaid
Computer Graphics Systems	Media Horizons, Inc.	Government computer graphics users	20	Nonpaid
Direct	Hanson Publishing Group, Inc.	Direct marketing professionals	43	Nonpaid
Food Arts	Quarto Group	Restaurant industry	50	Nonpaid
Morgan Directory Reviews	Morgan Rand Publications	Library buyers of directories	5	Nonpaid
Smiles in Dental Health	Dental Learning Systems	Dental patients	50	Nonpaid
October/Consumer				
Longevity	Omni International Ltd.	Aging baby boomers	100	Paid
MHQ	Americana, Inc.	Military history enthusiasts	0	Paid
Mexico Today!	Mexico Today	American retirees living in Mexico	25	Paid
P-O-P Times	Hoyt Publishing	Consumer marketers who use point-of-purchase ads and displays	15	Nonpaid
Wine Times	The Wine Enthusiast	Wine drinkers	75	Paid & nonpaid
November/Business				
Embedded Systems Programming	Miller Freeman Publications	Engineers and software developers	25	Paid & nonpaid
Minority MBA	C.O.G. Publishing Inc	Minority students in graduate business programs	13	Nonpaid
Rehab Management	Curant Communications, Inc.	Physical therapists and rehabilitation facilities	20	Nonpaid
World Cogeneration	Edgell Communications, Inc.	Businesses involved in cogeneration	21	Nonpaid

New magazine start-ups – 1988

Magazine	Company	Audience	Circulation in thousands	Type of circulation
November/Consumer				
California Basketball	California Football Magazine, Inc.	Highschool, college and professional players and coaches	100	Nonpaid
Inside Books	Miami Media, Inc.	Book readers	100	Paid
International Medical Advances NOW!	Susan Orlando	General public	50	Paid & nonpaid
Jewel	Collector Communications Corp.	Jewelry buyers and collectors	50	Paid
Nieman Marcus	McCord Corporation	Nieman Marcus card holders	250	Nonpaid
Que Pasa?	D.S. Magazines	Hispanic Americans ages 12-19	100	Paid
December/Business				
Display & Design Ideas	Shore Communications Inc.	Designers, executives, and architects of shopping centers and department stores	18	Nonpaid
December/Consumer				
Video Games and Computer Entertainments	LFP, Inc.	Computer games and entertainment software users	NA	Paid

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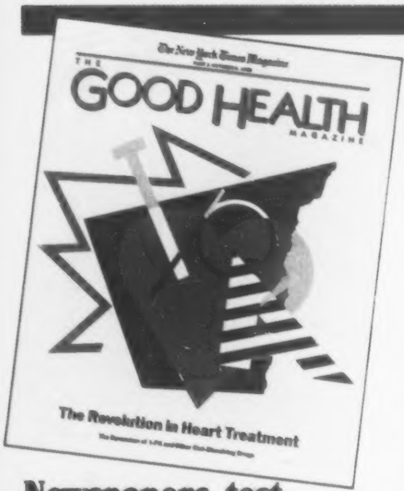
Confronting the new economic realities

Increasing costs and decreasing revenues have publishers on the alert for ways to reduce the wear and tear on the bottom line. Strategies are being developed for every facet of the magazine publishing business that go beyond simple budget cuts. **88**


The New York Times Magazine

THE GOOD HEALTH MAGAZINE

The Revolution in Heart Treatment

Newspapers test health magazine

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Target marketing: Publishers must lead

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A fast pace of company promotions and industry accomplishments has won the Meredith CEO recognition as MPA Publisher of the Year. **55**

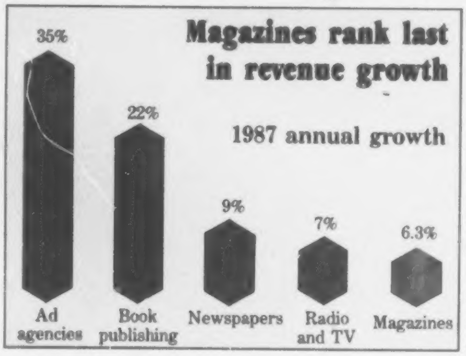
DES MOINES REGISTER

(unfold ——→)

February 1989

Study says magazine growth lags 24

A growth rate of 6 percent put magazine publishing last in 1987 annual growth compared to other communications industries, according to the Veronis, Suhler & Associates Communications Industry Report.



Source: Veronis, Suhler & Associates

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It's not easy to find new sources of subscribers, and the failure rate of new ideas is high. But when you succeed, you triumph.

Tracking production expenses 94

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Printers say competition will continue to keep price increases down in 1989. Printers also report on paper, technology and more.

Joining Berne: Don't worry 20

U.S. publishers will not lose editing rights by joining the Berne Copyright Convention, experts say.

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moral rights doctrine.

Publishers' fears about Berne have been allayed "to a degree," says Johnston. "There's always the risk that by joining Berne we encourage the development of moral rights law here. I would have been happier if we had gone our separate ways."

Won't stop piracy

Johnston also feels the convention is weak in other ways. Members, for example, agree to protect the copyrights of works originating in other member countries. But Johnston feels that Berne will not expand the copyright protection the U.S. had already enjoyed under other international treaties, such as the Universal Copyright Convention (UCC).

"Several Berne countries suffer from rampant piracy," he says. "The way to stop piracy in Taiwan is to say 'if your don't enforce intellectual property rights, we will address that in our trading relationship with you.' We need remedies with teeth."

Other U.S. organizations, however, have hailed acceptance of Berne. "The United States has taken a tremendous step toward promoting global business opportunities for the U.S. information industry," says Paul Zurkowski, president of the Washington, D.C.-based Information Industry Association. "For more than 100 years our refusal to join the Berne Convention has denied American information companies full protection for their copyrights in the international marketplace."

Joining Berne, moreover, strengthens the U.S. negotiation position in the preparation of a model international copyright law, says Zurkowski. Such a law is being crafted by the World Intellectual Property Organization in Geneva, Switzerland, the same United Nations agency that administers the Berne Convention.

The 100-year-old Berne treaty covers literary and dramatic works, films, music, records, computer software, databases and other copyrighted works published or distributed in other foreign countries. The U.S. had steadfastly avoided joining the Convention until last year, when President Reagan signed legislation passed by Congress, permitting the U.S. to join. The country will officially become a member March 1.—*M.G.*

Survey: Publishers' billing series need improvements

Many titles neglect details that improve pay up: postscripts, stand-out packages

■ *Peoria, Ill.*—A good many publishers risk bad pay up response by neglecting the look, wording and frequency of their billing mail, according to a survey conducted by Customer Development Corporation, a magazine collection agency.

During the past four years, vice president Cathy Beers subscribed to 300 consumer magazines, mostly monthlies, and deliberately neglected to pay the bills in order to elicit each title's entire billing series. Her analysis covered the years 1984, 1986 and 1988.

Most striking, she says, is the lack of innovation in billing. Most magazines, she observes, stick obdurately to black and white, or black and red, changing the styling about once every five years. By contrast, a test Beers conducted shows that billing packages that switched from blue to red pulled 50 percent better for half the titles tested.

"If everybody's bill is the same," she says, "you won't get yours opened."

Moreover, in 1988, 84.2 percent of the magazines had tried no new billing packages. The problem, says Beers, may lie in publishers' belief that they will receive printing discounts if packages don't change. "But printers will change the color of packages in later efforts without charging for it," she notes.

Don't stop after three efforts

Furthermore, close to half of all publishers send fewer than five bills in a series, she notes. "If you send only three bills and stop, you're leaving a ton of mail on the table," she says. In her survey, 53.9 percent of respondents mailed five or six bills in 1984, and four years later, 55.2 percent did so.

Magazines also tend to send two rather than three issues to nonpayers before terminating the subscription, she adds. In 1984, 27 percent of the 300 titles mailed two copies, and 29 percent sent three. By 1988, 42 percent sent two, 19 percent, three. "Some publishers are even reducing the number to one," notes Beers.

When it comes to the billing letter, Beers notes, relatively few publishers take advantage of a postscript—the most important part of the billing letter, next to the introduction. "Even if the lead is weak, they will always read the postscript," says Beers. "It should stand out." Nearly 60 percent of the 300 titles tracked in 1988 did without one, she says.

Close to 42 percent of the magazines in 1988 also asked subscribers to send payments "as soon as possible"—a rather ineffectual request, says Beers. Asking readers to pay by a specific date, she says, has been shown in tests to generate more pay up.

More than one-third of publishers last year also

Billing packages that used . . .

No unique package design	84%
Handwriting	2
Soft copy	82
Toll-free number	8
Credit card option	8
No postscript	60
No title or signature	38
Signature of circulation director	22
Signature of collection manager	2

Source: Customer Development Corporation

***Three hundred consumer** magazines were tracked over the past four years for this study on billing and pay up. The table refers to findings made in 1988.*

diminished the impact of their letters by neglecting to provide the signer's title, she says. The later the effort, the more forbidding the title should be: collection manager or general manager.

An encouraging trend, however, is that most circulators in recent years have used a conciliatory tone in the invoice letter. "Since most nonpayers are procrastinators, if you tick them off you'll just lose them," says Beers.

Beers also recommends that publishers not pay for a subscriber's return postage on an invoice—the reader always will. To pay postage, she says, is a waste of publishers' dollars.

Finally, Beers finds that 40 percent of magazines, in all three years, jeopardized themselves from the start by taking 30 days or more to respond, either with a letter or a magazine, to a subscriber's expression of interest. By 1988, the percentage of titles responding in less than 30 days had increased only 17.7 percent.

"You've got to get to readers sooner if you want a faster payoff," Beers point out. "Thirty days is a long time."—*M.G.*

Sluggish growth in magazine publishing

Magazines trail in assets, revenue growth, says Veronis, Suhler report

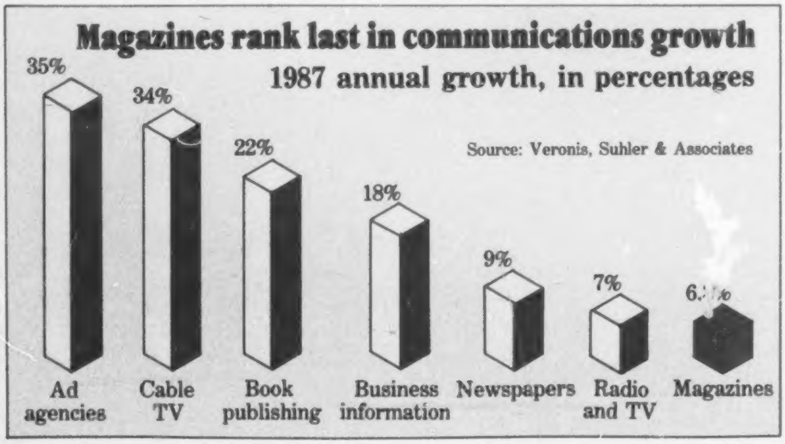
■ *New York City*—At a 6.3 percent growth rate, magazine publishing ranked last in 1987 annual growth, compared to other communications industries, according to the sixth annual Communications Industry Report from Veronis, Suhler & Associates.

Magazines also grew at a relatively sluggish rate over the past five years, according to the report, which compiles five-year financial statistics on 200 public companies. Out of nine communications fields—including newspaper publishing, radio and television broadcasting, filmed entertainment, business information, book publishing and cable television—consumer and business magazine publishing was seventh in five-year compound growth, with a rate of 10.4 percent.

Magazines also ranked seventh in revenues, according to the report. Total revenues were $5.2 billion for 1987, with consumer magazines accounting for $3.2 billion, and business and professional publications locking up $2 billion.

Growth in assets was slow, as well. Magazine publishing ranked seventh in assets, totaling $3.3 billion in 1987, and growing at a rate of 4.1 percent for the year. The five-year compound annual growth rate, by contrast, was 31.8 percent, with growth averaging 42.6 percent annually between 1983 and 1986.

Asset growth was high in 1985, for example, because of several big acquisitions: Time Inc. buying Southern Progress, News Corp. acquiring Ziff-Davis' business magazines, and CBS purchasing Ziff-Davis' consumer magazines, according to Andrew Hornick, research director at Veronis, Suhler & Associates. And, he says, 1988 is expected to be another year of high asset growth because of the $3 billion purchase of Triangle by Murdoch's News Corp.



***Although lagging behind** with a growth rate of 6 percent, magazine publishing, at least on the consumer side, is still showing good profits.*

Notably, magazine publishing in 1987 scored slightly above-average return on assets (ROA) compared to other industry segments: 19.4 percent operating income ROA and 23.9 percent cashflow ROA. Yet, ROA measures declined during the five-year period due to the industry's asset growth during that time.

According to Hornick, the magazine industry might fare better in the financial analysis if private companies could be included in the report. As it is, he notes, the magazine statistics are heavily weighted by Time Inc., which accounted for $1.6 billion in revenues in 1987, nearly four times greater than the next largest company.

Flat ad page growth

The report also reaffirmed some recent magazine trends: Most of the increase in consumer advertising revenues between 1985 and 1987, it notes, resulted from higher prices, not higher page counts. "Ad pages since 1984 were virtually flat," the report states.

More optimistically, the report points out that consumer publishing has become more profitable. "Magazine reading has grown, and more magazines servicing special interests have been introduced," it states. "Furthermore, publishers have been able to raise subscription prices liberally in many markets."

A less healthy picture appears on the business side. "Over the past five years, economic restructuring has altered business magazine publishing perhaps more than any other communications industry segment," the report states. The number of business magazine titles has decreased over the time period, and in the last three years, business magazines have underperformed many other advertising media.

Moreover, the outlook through 1992 is not much rosier. Business magazine spending, the report notes, will increase only 5.9 percent annually from 1987 to 1992—the lowest for any communications segment.—*Jan Jaben*

Crow, president, Gruner + Jahr, "I would not have written that letter either. As a publisher, that's a different story."

"I fail to see why a publisher can make threats but an editor can't," Jordan countered.

Few disagreed, however, on the subject of creating special editorial sections to attract advertising. "As long as the advertising department does not dictate the content of the editorial, I don't have a problem with it," said Dorothy Kalins, editor in chief, *Metropolitan Home*. "The key to remember is that 'compatible editorial' must serve the readers, not just the advertisers," she added.

'Editorial macho' loses out

Other editorial problems, however, proved stickier. *Good Housekeeping*'s John Mack Carter presented one example of an editorial matter with potentially devastating business implications: "At the last minute, a publisher discovered his editor was planning to run photos of a nude model taken when she was 11 years old. The photos were legally obtained, the magazine was on deadline, the pages were ready to ship.

"The publisher was clearly involving himself in an editorial decision by asking to consult with the editor on the wisdom of running the story. The publisher's concern was both the business impact and the question of editorial judgment. What would you do?"

> "It really boils down to how editors walk the line between cooperation and sell-out."

Most attendees agreed that they would consult the publisher prior to running such an explosive feature—"if only to allow the publisher to be prepared for the expected advertising and subscriber fallout," said one audience member.

"It would just be a case of editorial macho to insist on running the piece," Crow added.

"To hell with editorial macho," Jordan said. "I want to sleep at night. I wouldn't run the photos."

In the end, Carter concluded, the editor of the unnamed magazine agreed with the publisher's concerns and opted to kill the story for reasons of "taste and discretion."

Another editor-publisher tangle, Carter noted, occurred at a woman's service book: The editor rejected an ad schedule in which the ad's graphic butted into the editorial and required a copy wrap. The publisher and president backed the editor. The ad agency, however, informed the publisher that his competition took the unorthodox ads, and further, threatened to withdraw all its advertising from the book if the magazine continued to balk.

"The publisher went back to the editor," Carter explained, "and said, 'The agency is putting the pressure on, but whatever your answer is, I will honor it. They are asking us to run the ad once and never again. If we don't, they will punish us; if we do, we will continue to do business with them on other accounts. What's your answer?'"

"Just once?" The editor conceded.—*Dan Shannon*

On-time delivery of monthlies falls sharply

About 76 percent of monthlies were delivered late during the third quarter, up from 64 percent the previous quarter, according to the Red Tag statistics.

Seattle, which delivered 83 percent of monthlies " better than service standard" in the second quarter, plunged to 28 percent this quarter. The number of late deliveries, meanwhile, rose from 17 percent to 33 percent. Still, the city delivers 67 percent of monthlies on time or better. Phoenix also experienced a significant drop. During the second quarter, 75 percent of monthlies were delivered on time, or better. This fell to 60 percent in the third quarter.

Atlanta had the worst delivery score, with 97 percent of monthlies arriving one day late, or later. Pittsburgh was in second to last place, with an 88 percent late score.

The scores reflect delivery from all parts of the nation to the cities listed.☐

Delivery box score:
Monthly publications, July 1–September 30, 1988

City/(Zip Code)	Better than USPS standard	Service standard	1-6 days late	Later
Composite average*	7%	17%	72%	4%
Boston (021)	2	15	81	2
New York (100)	2	16	71	11
Buffalo (142)	0	67	33	0
Pittsburgh (152)	3	9	77	11
Philadelphia (191)	13	2	65	20
Washington, D.C. (200)	0	15	82	3
Atlanta (303)	0	3	91	6
Miami (331)	14	19	64	3
Memphis (381)	7	10	83	0
Cincinnati (452)	16	25	59	0
Detroit (482)	0	17	80	3
Milwaukee (532)	5	12	80	3
Minneapolis (554)	9	32	59	0
Chicago (606)	10	18	70	2
New Orleans (701)	0	14	82	4
Dallas (752)	11	21	68	0
Houston (770)	7	12	81	0
Denver (802)	6	29	65	0
Phoenix (850)	20	40	40	0
Los Angeles (900)	0	17	61	22
San Francisco (941)	16	38	46	0
Seattle (981)	28	39	33	0

*Includes other U.S. cities and SCFs not listed

Source: Red Tag News Publications Association, Inc.

No improvement on delivery for weeklies

The late delivery score for weeklies remains flat. Red Tag reports that 55 percent of weeklies were delivered late in the third quarter—the same score reported for the previous three months.

On-time scores for New York and Detroit dropped significantly. New York's 60 percent on-time score in the second quarter fell 10 points in the latest measurement. Detroit's score dropped 14 points to 49 percent.

New Orleans and Pittsburgh posted the lowest on-time rates; both delivered 72 percent of weeklies one day late, or later.

San Francisco and Seattle boasted the top scores of 69 percent on-time delivery. Two other Western cities, Phoenix and Los Angeles, delivered 65 percent of weeklies on time. Milwaukee was in third place, with a 57 percent score.

The scores reflect delivery from all parts of the nation to the cities listed.☐

Delivery box score: Weekly publications, July 1-September 30, 1988

City/(Zip Code)	On time	1 day late	Later
Composite average*	45%	28%	27%
Boston (021)	33	30	37
New York (100)	50	30	20
Buffalo (142)	52	31	17
Pittsburgh (152)	28	32	40
Washington, D.C. (200)	56	22	22
Atlanta (303)	45	30	25
Miami (331)	49	27	24
Memphis (381)	35	36	29
Cincinnati (452)	32	39	29
Detroit (482)	49	26	25
Milwaukee (532)	57	21	22
Minneapolis (554)	54	26	20
Chicago (606)	36	38	26
New Orleans (701)	28	28	44
Dallas (752)	45	32	23
Houston (770)	34	36	30
Denver (802)	41	33	26
Phoenix (850)	65	18	17
Los Angeles (900)	65	17	18
San Francisco (941)	69	21	10
Seattle (981)	69	17	14

*Includes other U.S. cities and SCFs not listed
Source: Red Tag News Publications Association, Inc.

Business titles rely heavily on freelancers

■ *New York City*—Twenty-three percent of business magazines have more than half their copy written by freelancers, reports the Association of Business Publishers (ABP) survey on editorial freelance practices.

The survey was sent to 672 ABP members; 168 responded.

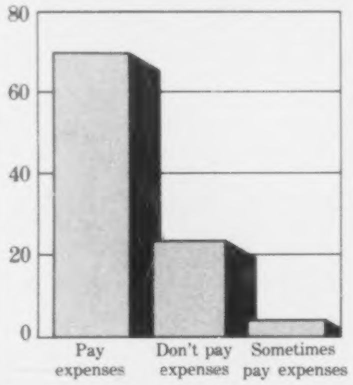
About half the respondents noted that up to 25 percent of their copy was completed by nonstaffers. One quarter of respondents said up to half the copy was freelance written; 14 percent reported up to 75 percent; and 9 percent said that more than three-quarters of the magazine was from outsiders.

The survey also found that 57 percent of editors paid their freelancers upon accepting a story. Other editors released payment after publishing the author's article.

About 71 percent of the magazines also paid for freelancers' expenses when associated with writing an article. Another 25 percent didn't pay expenses, and the remaining titles occasionally made payments.

Although most business titles relied on freelance writers, most of the respondents preferred not to use freelance proofreaders and copy editors. Just 16 percent used part-time proofreaders; 21 percent hired freelance copy editors.—*K.S.*

Most publishers pay freelance expenses



Source: ABP

Most business publishers don't balk at reimbursing their freelance writers' expenses.

Looking for subscribers? Keep promotions simple

■ *New York City*—"When you look at all the marketing madness out there, it seems like everyone has moved directly to sweepstakes," says Jeffrey A. Milberg, executive vice president of Telemarketing Concepts. "But when was the last time you saw someone step through less expensive offers first?"

Speaking at a Magazine Publishers of America (MPA) seminar, Milberg urged publishing executives to start small when soliciting new subscribers. Publishers, he says, should first test emotional appeals, which often play upon fear and greed—as in: "You can't do without this magazine." Special discount offers, such as three years for the price of one, can also yield unexpectedly favorable results.

Other inexpensive approaches, he adds, could involve testimonials from readers, special payment arrangements or shorter subscription terms. Selective mailing strategies also work: *The Wall Street Journal*, for example, mails subscription solicitations to prospects whose colleagues already receive the

Dollar stretch: Publishers confront the

Increasing costs and decreasing revenues have publishers on the alert for ways to reduce wear and tear on the bottom line

BY MICHAEL GARRY

In April of 1987, when paper prices were down and postal prices were flat, Tom Ryder saw the handwriting on the wall. In a speech to the American Society of Magazine Editors, Ryder, president of American Express Publishing, foresaw the magazine industry's future in the actions of large industrial and service companies that had been "slashing overheads in order to become more competitive in their markets." Those companies included the television networks, and, closer to home, Time Inc.

Time Inc., he said, "has seen some ominous signs on the horizon and is making some very smart moves to get ready for them. I think [those] are moves that many of us will have to make. Some of us will make them too late."

As anyone in publishing can tell you, Ryder's prognostications were on target. The magazine industry has just gone through a real hurricane of a year—having been buffeted by four paper price increases (amounting to a 25 percent jump over the previous year) and socked by shockingly high postal increases (18 percent in second class, 25 percent to 33 percent in third class). And as if those cost pressures weren't enough, there were assaults on the revenue side—single-copy sales continued to stumble, and more publishers felt compelled to compromise their advertising rate card price structure.

And costs are expected to increase faster than revenues for the next several years, says Robert G. Burton, president of Capital Cities/ABC's publishing unit, which owns many business magazines through Chilton and Fairchild. Already, the Postmaster General has announced a 1990 rate case filing, and first-quarter 1989 paper increases are seen as likely.

The victim, of course, is the bottom line. In 1988, profit margins fell from a historic high of 13.5 percent by about two percentage points, according to Don Kummerfield, president of the Magazine Publishers of America. This year, expect margins to decline by another five percentage points, from

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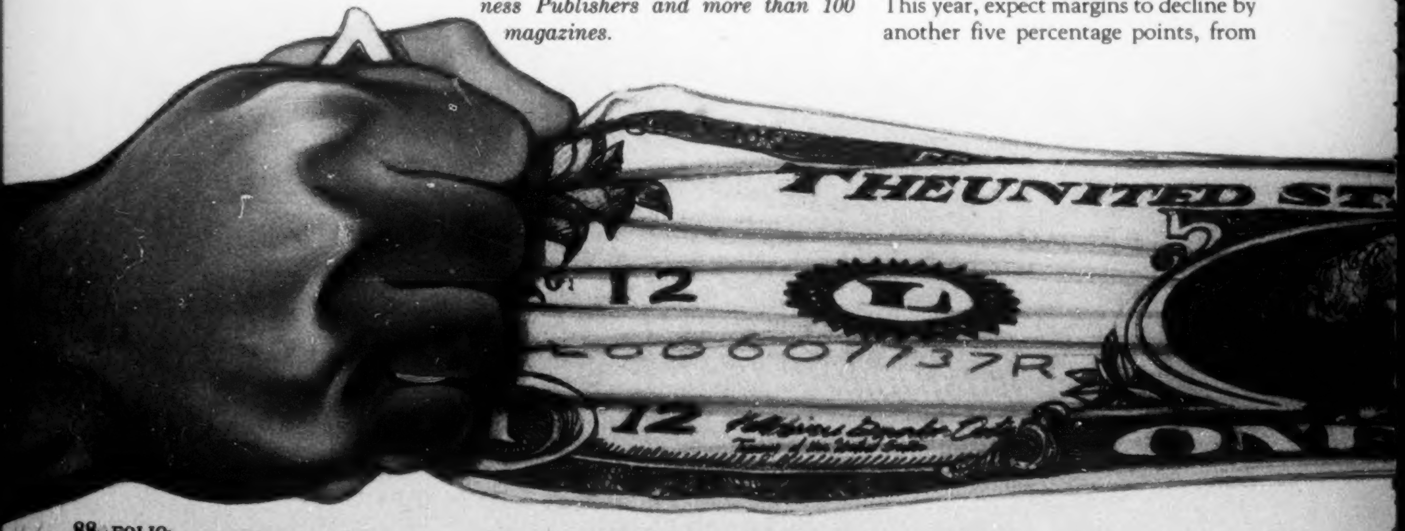
Data for the chart in this feature were provided by Ivan Inerfeld, a partner in Coopers & Lybrand, certified public accountants. Inerfeld has done work for Magazine Publishers of America, the Association of Business Publishers and more than 100 magazines.



new economic realities

around 11 percent to 6 percent, says Ryder.

The only solace is that 1988 turned out to be a year in which more creative cost-cutting and revenue-enhancing took place than in at least a decade. Publishers have taken a hard look at everything from sortation techniques to double postcards to new delivery systems, and the upshot has been more efficient, better managed publishing operations. Time Inc. has even posted a sign in the second-floor cafeteria forbidding employees from taking fiberglass trays and nondisposable cutlery, plates and glasses back to their offices "due to the extraordinary amount of inventory that has been removed and not returned." This new, stricter approach to publishing magazines will no doubt continue well into the future.

"The cost issue is hitting harder than ever," says Burton. "It's really forcing a lot of people into more direct management of their financial resources." The threat, moreover, is not merely a cyclical, or temporary one, Burton believes. "The Postmaster General told me that the latest postal increase only gets them even. I have to assume that down the road there will be another significant increase. As an industry, we have to be concerned."

Many large publishers, including Burton, are focusing on private mail delivery carriers. "A lot of people are keeping low levels invested in private delivery to keep the possibility alive," notes Ryder. "If the Postal Service gives us another stiff postal increase, the lines are going to cross."

Management strategies

In the magazine business, few publishers have a keener sense of the bottom line than ABC's Burton. Sometimes that has meant ruling with an iron hand: One of his first actions on becoming president of ABC Publishing at the end of 1981 was to fire 14 of the unit's 16 corporate vice presidents. But Burton was able to boost profits from $4 million to $35.5 million in 1985. "The publishing industry will show further reductions in head counts," he says. "It's a fact of life." But ABC Publishing, says Burton, tries to find alternative positions in the corporation or the community for employees let go.

> "The publishing industry will show further reductions in head counts. It's a fact of life," says ABC's Burton.

Last fall, *Newsweek* offered early retirement to 100 employees, or 10 percent of its work force. The employees either had 25 years of service or were 55 years old or older with at least 10 years at the magazine. Two-thirds elected to take the offer.

While layoffs and early retirement may be necessary, publishers contacted for this article were not inclined to cut salaries. Gorman Publishing, however, is trying to scale down salary increases to bring them in line with the inflation rate, says vice president/operations Peggy Stath. Most publishers are increasing salaries 4 percent to 7 percent in 1989.

Consolidation of business functions is one response to the cost pressures. McGraw-Hill has established a task force charged with looking at mailing services, postal relations and

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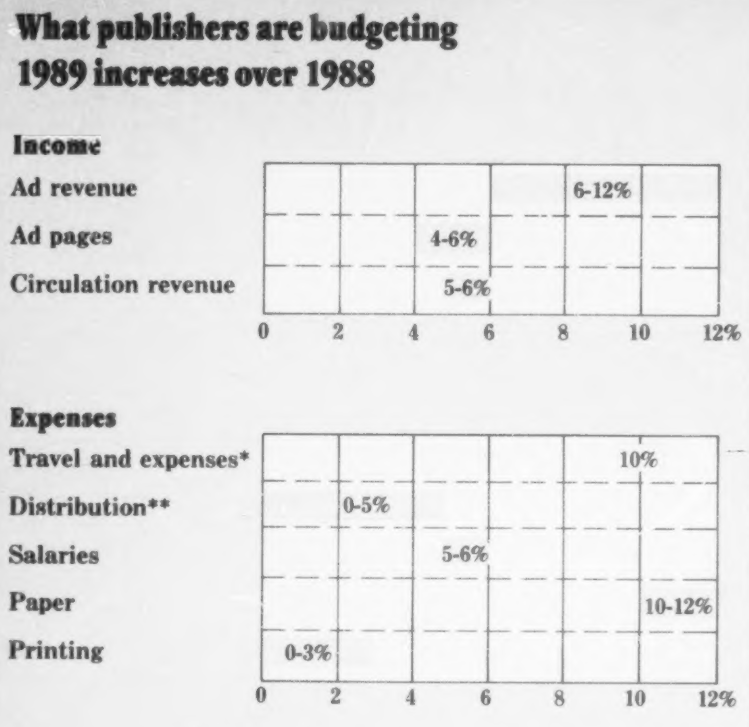

*Reflects expected increases in air fares
**This assumes publishers budgeted 18 percent second class increase, on average, for 1988. The 5 percent represents increased related costs.

Source: Ivan Inerfeld, Coopers & Lybrand

***Unexpected expenses:** Even though publishers took anticipated postage increases into account when planning 1989 budgets, the hike in travel costs came late in the game—when most budgets were already in the works.*

manufacturing and transportation in all areas of the corporation to determine if "we can consolidate to maximize our savings," says Lorraine Bradley, vice president of manufacturing and purchasing.

When costs over which they have little or no control (postage and paper) go up, publishers may wish to exert influence over costs (printing and fulfillment) that can be negotiated. Craig Stevens, president of Stevens Publishing, contacted 11 printers before finding a few "who were hungrier than the others. We hope to remain with our current printer, but we are prepared to make a change," he says.

Printers are "the last ones down the line—when publishers can't get from anybody else, they get from printers," says Steve Woolsey, president of the publications division for Gunthorp-Warren Printing Company.

> "Management is more frequently asking the question, 'Is this trip really worthwhile?' "

Straight Arrow Publishers will save a "staggering" amount of money by shifting its fulfillment for *Us* to Neodata, which has already been servicing the firm's flagship title, *Rolling Stone*, says circulation director David Obey. Fulfillment companies have been seeing a good deal of price competition in the past few years, although not necessarily because of the postal and paper increases, says Jane Imber, vice president of marketing for Neodata.

Travel and entertainment is a cost area that is also being subjected to closer managerial scrutiny. "We're working hard to make travel and hotel reservations at least 30 days in advance to take advantage of available discounts," says Ned Borowsky, president of North American Publishing Company. Unfortunately, airlines are eliminating some of the discounts for early reservations, which adds to cost pressure.

Borowsky says the company, which publishes 15 trade magazines, spends millions of dollars per year on sales-oriented travel and entertainment.

Peggy Stath says Gorman Publishing's management is more frequently asking the question, "Is this trip really worthwhile?"

When times are tough, magazine publishers sometimes look to ancillary products and activities for additional revenues. Dick Powell, president of North Publishing Company, has gotten into the marketing of books that relate to the industries his firm serves, such as the veterinary field. Ryder, however, warns that ancillary products can be very dangerous for a small company. "I've seen people find themselves with problems and reach out to a new business," he says. "But it's not that simple to create a new business."

The high cost of using the United States Postal Service (USPS) and attracting subscribers has finally persuaded some of the industry's major players to hold and even cut the circulation they guarantee advertisers. *Time* announced last fall that it would cut its rate base by 300,000, to 4.3 million, following a trend started by *Reader's Digest* and *McCall's*. *Time* also said that for the second straight year, it would not increase its ad rates. *Time*'s circulation is particularly expensive because of its extensive use of premiums. The magazine decided that such expenditures were no longer justified for its most marginal subscribers, many of whom belong to less attractive demographic groups.

Advertising agencies generally

lauded *Time*'s move, calling it a healthy sign. Consultant Dan Capell expects other magazines to follow suit. "I've already seen many magazines, where you'd usually observe a 50,000 circulation growth, hold the line."

City and regional titles, in fact, have begun biting the rate-base bullet. *San Francisco Focus*, for example, cut its rate base 25,000, to 200,000. "It's not exclusively a cost concern," says publisher Earl Adkins, also president of the City and Regional Magazine Association. "We're just trying to improve the quality of readership." Many regional titles, he says, are manifesting a new interest in quality over quantity of circulation.

Direct mail, particularly hard hit by postal hikes, is an area where many publishers can take immediate action. It's relatively simple to audit your circulation lists to take advantage of all available sortation levels and get the best postal discounts. McGraw-Hill, for example, will be stepping up its use of pre-sort houses, which sort out disparate mail samples into Zip Code sequence to maximize postal discounts. The company is also experimenting with delivering information electronically to remote locations, and then mailing it to save on postal costs. Other direct mail strategies:

- Stevens Publishing uses optical scan strips on first- and third-class mail that earns a $5 per thousand discount.
- *Financial World* is exploring simpler, less expensive direct mail packages—the order form and copy are all on one piece—"to improve our margins," says Lawrence Hedblom, circulation director.
- *Southern* includes most of its bills and renewals with the publication in polybags—an option that is still permitted under the USPS's revised polybag rules. Unfortunately, the USPS has outlawed sending solicitations in another magazine's polybag—an option that Alan Leveritt, publisher of *Southern*, had used extensively, offering his magazine's polybag as a carrier in exchange. "We got a higher response riding along in *Inc.*'s polybag than by mailing to their list," notes Leveritt. "That was one of the greatest cost-savers and revenue generators. It's a pity they had to cut it out." Until the rule goes into effect March 20, Leveritt's solicitations will be riding along in as many different polybags as possible.

Direct mail consultant Elaine Tyson observed a sharp decline in direct mail efforts in the early part of 1988, but by the fourth quarter, business was back to normal. She is encouraging publishers to test double postcards and packages that do not contain brochures. Indeed, last year double postcards became the darling of magazine circulators, who used them frequently in free sample solicitations.

Consultant Vince Dema suggests that publishers use the National Change of Address (NCOA) service to prescreen their mailing lists for incomplete or incorrect addresses. The extra cost, he belives, is well worth it. Tyson recommends keeping list quantities smaller, and cutting out "third level lists" that go beyond your core market.

> "Audit your circ lists to take advantage of all available sortation levels and get the best postal discounts."
>
> [redacted]

Despite the postal increases, many publishers are still mailing extensively to maintain their rate bases. "We've intensified our direct mail efforts because of soft newsstand sales," says ABC's Burton. Some publishers, however, are experimenting with alternative sources of subscribers—such as package inserts, card decks and television spots.

Pay attention to second-class savings

Pay attention to second-class savings, too. "We're looking forward to the discount for palletization, says Tom Tully, McGraw-Hill's vice president of operations. Gorman Publishing's printer runs the firm's circulation list through a sortation program to maximize postal savings, says Stath. Because of the jump in second-class international rates, Gorman is also looking at cutting its Canadian circulation—or converting controlled Canadian subscriptions to paid.

Ad sales is an area of publishing affording relatively few opportunities to cut costs. Ned Borowsky, however, found one—the reader service card. Borowsky does not allow any company that doesn't advertise in his publication or in any of his competitors' magazines to receive an editorial plug for a product—and a free ride on the reader service card. This saves him some $75,000 per year in reader service processing fees, he says. He is also removing nonadvertisers from the promotion list.

Another tactic recently employed by a growing number of publishers is the elimination of the 2 percent discount for ad agencies that pay their bills within 10 days. Agencies, needless to say, are furious about the move.

In the editorial realm, publishers usually make cost cutting moves with great care, if at all. However, Powell of North Publishing plans to reduce the percentage of editoral in his two business magazines from 60 percent to 50 percent, thereby cutting mechanical and printing costs, as well as postage costs per page of advertising. Consultant Rita Stollman sees some publishers deferring editorial training programs or the hiring of additional editors. Some, she says, are restructuring freelance, graphics and travel/entertainment budgets.

Attack on editorial?

In his speech to the American Society of Magazine Editors, Ryder warned that the pressure on profits may well lead to an attack on editorial. He urged the editors to "get yourselves ready. Begin to rid yourself of excess. If you don't, I promise the financial guys will do it for you." Editors, he added, could also protect themselves by speaking out against excesses in other departments.

Ryder also encouraged the editors to develop more interest in the advertising side of the business. Not that editors should sell the editorial product or make sales calls, he stressed. "But you should become an advocate for your magazine. Tell [advertisers] about the special relationship magazines have with their readers. Share your substan-

THE UNITED STATES OF AMERICA
ONE DOLLAR

THE UNITED STATES OF AMERICA
ONE DOLLAR
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tial knowledge of your audience. Get them enthusiastic about magazines."

The production side offers myriad cost-cutting possibilities. *Southern*'s Leveritt plans to use lower-grade paper for the black-and-white pages in the back of the magazine, and to cut the trim size by one-eighth inch to eight inches. That reduction will save $1,000 per month, he says. Gorman's Stath went from 40- to 38-pound stock for all six of the firm's trade magazines, reducing paper costs by 2 percent to 3 percent. ABC's Burton is intensifying efforts to consolidate his paper purchases and make larger buys.

Straight Arrow Publishing has moved all print buying—including magazine and promotional print—into the circulation department, says circulation chief Obey. The full-time print buyer will be able to "buy smarter," he says, and have access to "every possible discount." The manufacturing and production department had been in charge of buying magazine print, but tended to relegate promotional print to a much lower priority. "But for the new print buyer, promotion will be her first responsibility," notes Obey.

ABC Publishing has set up several task forces to investigate upgrading its production systems with state-of-the-art technology. The hottest candidate, says Burton, is desktop publishing, regarded by many as a means, ultimately, to reduce pre-press costs. "With the new technology," Burton adds, "the payback period is shorter and shorter."

Rush toward desktop

Consultant Jeff Parnau, who runs a preparation house, also observes a rush toward desktop publishing because of its greater efficiency and control, lower cost and faster turnaround. "Two years ago, it was nonsense," he says. "Today we're seeing customers come in with negatives produced by desktop systems."

The one catch with desktop technology is that its speedy development makes any given machine virtually obsolete in two years. Parnau, however, has come up with a co-operative buying arrangement that could nullify that problem. He is looking for five publishers to contribute $12,000 each toward the purchase of a $60,000 desktop output device. For a fee of about $300 per month, a participating publisher "can own current desktop technology you can't possibly saturate in terms of volume." Such an output machine could cut typesetting and page make-up costs by at least half, he says. Editorial consultant Stollman, however, warns that many publishers are rushing into desktop publishing without considering the bottom-line impact. "People get starry-eyed about computers," she says, "forgetting that computers are very labor intensive." When *Business Week* incorporated Atex, she adds, the make-up desk tripled and the copy desk doubled.

"But computers are labor intensive: When *Business Week* added them, the make-up desk tripled and the copy desk doubled."

In a typical year, publishers would raise their ad rates between 4 percent and 7 percent. Rate hikes for 1989, however, have averaged between 6 percent and 9 percent, according to ad consultant David Orlow. Moreover, the double-whammy cost pressures of recent times, says Orlow, have persuaded some publishers who've drifted away from the rate card to demonstrate greater loyalty to it.

Advertisers are said to be somewhat understanding of the higher-than-usual rate increases. "Agencies and clients have not received price increases in the last few years," says Jay Burzon, vice president of *American Health*. "They're now accepting 6 percent to 8 percent increases because they realize there are causative factors."

City and regional titles are raising ad rates between 5 percent and 10 percent, says Earl Adkins, publisher of *San Francisco Focus* and president of the City and Regional Magazine Association. "Regional magazines are not like national magazines," he notes. "Our page rates are not that huge."

Some publishers, of course, are wary of raising rates too much lest they antagonize discount-happy advertisers. "We're uncomfortable about the tenuous situation in the marketplace," says Powell of North Publishing. Powell raised '89 rates by 5 percent. Indeed, some ad agency executives have been quoted as saying they find anything more than a 5 percent increase to be unfair.

Getting out of the cost mess

Burton warns that ad rate hikes alone will not compensate for the full amount of cost increases. But to Ryder of American Express, which will experience an extra postage and paper cost hit of $3.5 million in 1989, revenue enhancement is the key to getting out of the cost mess. On the advertising side, Ryder is raising rates for the company's four titles from 9.5 percent (for *Travel & Leisure*) to 40 percent (*L.A. Style*). "A lot of people could try to sail through with 3 percent to 4 percent increases," he says. "But that could mean changes in production, fewer pages, cheaper stock, smaller trim size, cutbacks in editorial—all of which are counterproductive. We'd rather bite the bullet up front and reflect the marketplace than compromise our quality." But just to hedge his bets, Ryder is announcing a new corporate discount program along with the rate increases.

Ryder's approach to circulation pricing has also been very aggressive. Since 1984, the basic subscription price of *Travel & Leisure* has risen from $19 to $30, and all discounts have been eliminated; *Food & Wine*'s price doubled from $12, *New York Woman*'s jumped from $11 to $20, while newly acquired *L.A. Style* will soon see its basic price rise from $18.

While raising prices, Ryder is trying to add value in the form of paper quality, cover graphics and editorial variety. *Travel & Leisure*, for example, comes out in six regional editions and one demographic edition targeted to business travelers.

Ryder strongly believes that the industry as a whole is guilty of underpricing magazines. "The concept of selling a magazine for $1 per copy when it costs $1 to make it and $2 to sell it is a grave and fundamental mistake," he says. "The new economics of this business will not allow it much longer."

Consultant Capell expects to see a new round of circulation price increases. The last major go-round took place in the late 1970s when the newsweeklies doubled the circulation prices. "We're on the verge now of something as significant as that," he says. Last fall, *Woman's Day* and *Family Circle* raised their cover prices from 99 cents to $1.09, while *McCall's* broke the $1.50 barrier, pricing its title at $1.69. Capell also predicts that publishers will shoot for longer-term subscriptions.

> "The fastest growing cost elements are circulation acquisition and maintenance, sales and editorial."

[redacted]

Brave new world

MPA's Kummerfield regards the cost pressures on the magazine industry as more complex than just postal and paper increases, which hurt so much because they took place at the same time. Paper and postage, he points out, are not growing as a percentage of magazine costs. The fastest growing cost elements are circulation acquisition and maintenance, sales and editorial.

"Over the long term we need more efficient ways to acquire and maintain circulation, to sell ads and manufacture and distribute our magazines," says Kummerfield. Although individual publishers are addressing these issues, the industry as a whole has just begun the process of systematically dealing with them.

Efforts to contain costs will no doubt persist throughout the year and into the 1990s. For publishers, it's a brave new world. "I think we will go through a tough period in the next couple of years," says Ryder. "Some of our magazines will go away. But we are a smart, resilient industry. Those of us who prepare for it will get better and stronger and once again it will be a great time to be publishing magazines." ☐

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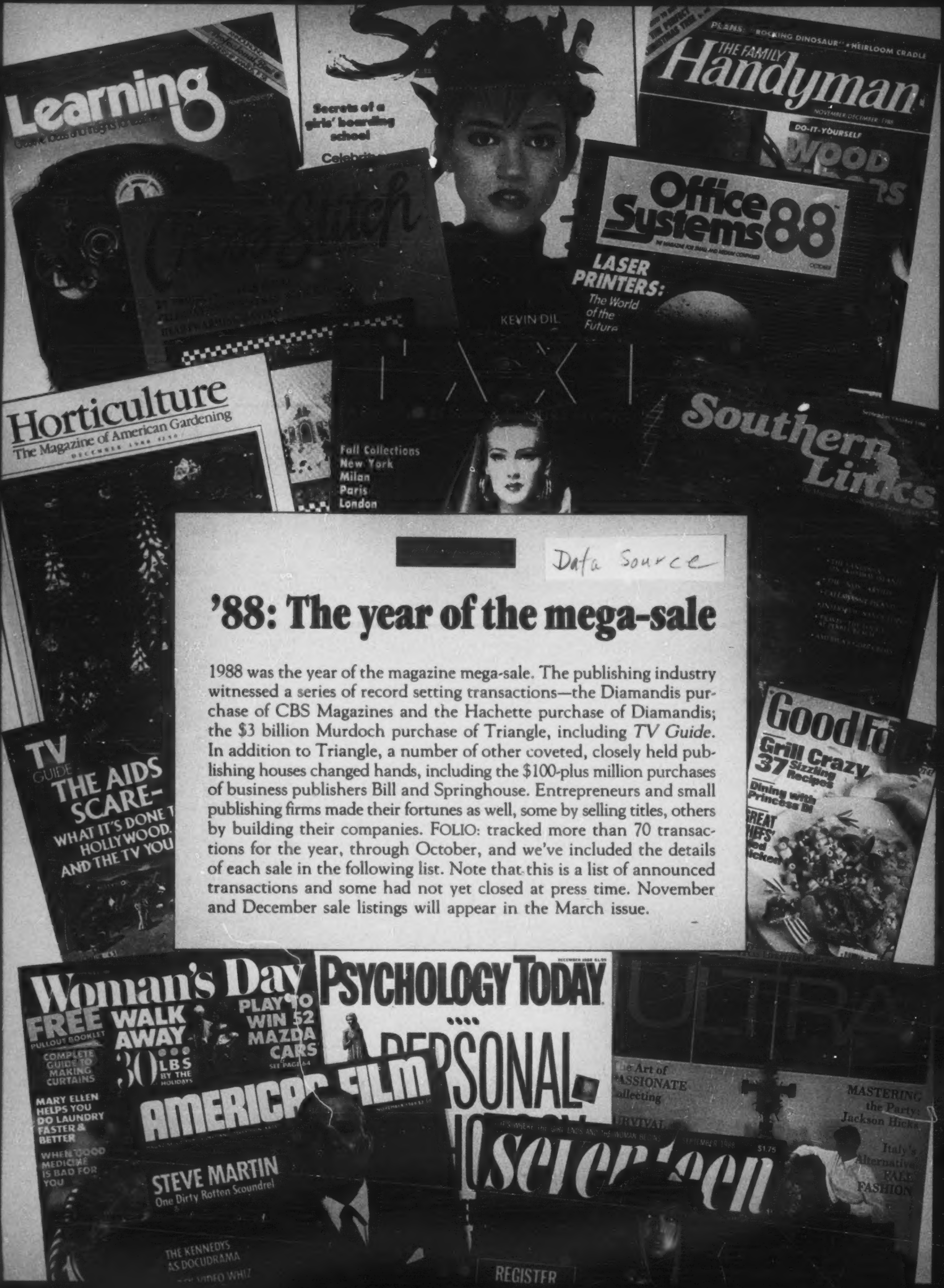
Learning
Secrets of a girls' boarding school
THE FAMILY Handyman
DO-IT-YOURSELF
Office Systems 88
LASER PRINTERS: The World of the Future
KEVIN DIL
Horticulture
The Magazine of American Gardening
Fall Collections New York Milan Paris London
Southern Links
TV GUIDE
THE AIDS SCARE–
WHAT IT'S DONE T
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AND THE TV YOU
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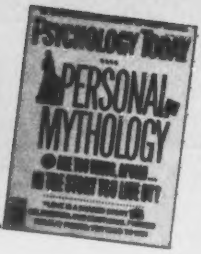
ULTRA
The Art of PASSIONATE Collecting
MASTERING the Party: Jackson Hicks
Italy's Alternative FALL FASHION
REGISTER

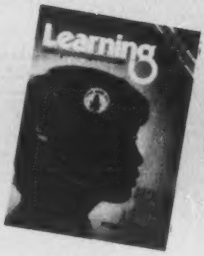
[redacted]

Data Source

'88: The year of the mega-sale

1988 was the year of the magazine mega-sale. The publishing industry witnessed a series of record setting transactions—the Diamandis purchase of CBS Magazines and the Hachette purchase of Diamandis; the $3 billion Murdoch purchase of Triangle, including *TV Guide*. In addition to Triangle, a number of other coveted, closely held publishing houses changed hands, including the $100-plus million purchases of business publishers Bill and Springhouse. Entrepreneurs and small publishing firms made their fortunes as well, some by selling titles, others by building their companies. FOLIO: tracked more than 70 transactions for the year, through October, and we've included the details of each sale in the following list. Note that this is a list of announced transactions and some had not yet closed at press time. November and December sale listings will appear in the March issue.

Office Systems 88
LASER PRINTERS




Horticulture

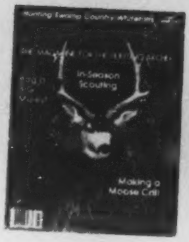
The Family Handyman
WOOD FLOORS

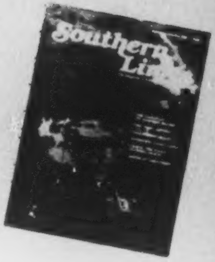
Mergers and acquisitions – 1988

Acquiring company	Magazine	Audience	Frequency	Circulation in thousands	Seller	Price in millions
January						
Equal Opportunity Publications	*Social Issues and Healthcare Review*	General issues in healthcare development	Quarterly	30	United Cerebral Palsy Association	N/A
Family Media, Inc.	*Taxi*	International women's fashion	10 x	250	Taxi Publishing, Inc.	N/A
Cowles Media Company	*Catalog Age*	Catalog publishers	Monthly	12	Hanson Publishing Group	N/A
	Curriculum Product News	Educators	Monthly	50		
	FOLIO:	Publishers	Monthly	11		
	Inside Print	Advertising community	Monthly	31		
MCP, Inc.	*San Francisco Business Times*	Regional business	Weekly	2	American City Business Journals, Inc.	$5
PCI Communications, Inc.	*P-D News*	Vendor-specific computer publication	Biweekly	5	August Noble	$2
Reader's Digest Association, Inc.	*Family Handyman*	Men's home	Monthly	1,206	Maxwell Communication	N/A
Reader's Digest Association, Inc.	*50 Plus*	Mature market	Monthly	504	Whitney Communications Company	N/A
Rodale Press, Inc.	*American Woodworker*	People interested in working with wood	Quarterly	50	Jim Jennings	N/A
Simon & Schuster	*Home Healthcare Nurse*	Practicing professional nurses working in homes	Bimonthly	N/A	Hospital Publishing Inc.	$2.5
February						
Billboard Publications Inc.	*Hollywood Reporter*	Entertainment industry	Daily	21	Hollywood Reporter, Inc.	$30
Coast Publishing, Inc.	*Southern Graphics*	Graphic arts	Monthly	11	Southern Graphics, Inc.	N/A
Historical Times, Inc.	*Bowhunter*	Bowhunters	Bimonthly	148	Blue-J Inc.	N/A
J. B. Lippincott Company	*Journal of Cardiopulmonary Rehabilitation*	Health care	Monthly	17	Haymarket-Doyma	N/A
MCP, Inc.	*Philadelphia Business Journal*	Business in Philadelphia	Weekly	11	American City Business Journals, Inc.	$46.3
Medcom Partners	*Hospimedica*	Medical and surgical	7 x	29	TechCom, Inc.	$5*
	Labmedica	Medical laboratory field	Bimonthly	21		
March						
Advanced Publications, Inc.	*Details*	New Yorkers with an interest in style and fashion	Monthly	100	Alan Patricoff	N/A
American Health Inc.	*Psychology Today*	Amateur psychology	Monthly	850	American Psychological Association	$5-10
Bales Group	*Horticulture*	Gardening	Monthly	230	Horticulture Partners	N/A
Capital Formation	*Get Rich News*	People interested in getting rich	Bimonthly	100	Get Rich, Inc.	$3.4
Charleson Publishing	*Food & Beverage Marketing*	Food and beverage manufacturers	Monthly	20	International Thomson Retail Press	N/A
Devan Shumway	*Oil Daily*	Oil drillers, refiners and explorers	Daily	4	Whitney Communications	$8
Initial Publications, Inc.	*Fastener Technology International*	Fastener and cold heading	Bimonthly	12	International Thomson Industrial Press	$6.5*
	Wire Technology International	Bars and fabricated wire manufacturers	Bimonthly	12		

*** Group purchase price**

(CONTINUED ON PAGE 115)



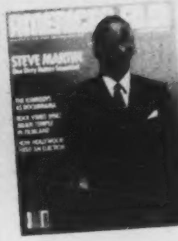


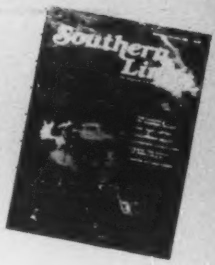
Mergers and acquisitions – 1988

Acquiring company	Magazine	Audience	Frequency	Circulation in thousands	Seller	Price in millions
March (CONTINUED FROM PAGE 112)						
Murdoch Magazines	*In Fashion*	Consumer and business fashion	Bimonthly	240	VSI Publishing Corp.	N/A
	Sportswear International	Sportswear retailers	8 x	19		
Professional Photographer of America, Inc.	*Photomethods*	Professional photographers	Weekly	53	Lakewood Publications	N/A
Robert and Alicia Spooner	*Oregon Coast*	Regional	Monthly	32	Russ and Nell Heggen	N/A
VNU Business Publishing Company	*Electronics*	Electronics publication	Monthly	147	McGraw Hill Inc.	$17-20
April						
Cahners Publishing Company	*Accessories/Today*	Accessory buyers	N/A	14	Communications/Today, Ltd.	$35*
	Design Today	Designers	Quarterly	25		
	Furniture/Today	Furniture	Weekly	23		
	Home Textiles Today	Textiles	Biweekly	12		
	Professional Upholsterer	Upholstering business	Bimonthly	12		
	Today's Furniture Designer	Furniture design	Quarterly	16		
	Upholstering Today	Upholsterers	Bimonthly	10		
	Video/Today	Video industry	N/A	N/A		
F & W Publications, Inc.	*Inspirational Writer*	Religious	Monthly	5	Dobbs Publications	$.1
Independent News Corporation	*Cruzan*	Santa Cruz, California, tourist publication	Quarterly	35	GT, Inc.	N/A
	Good Times	Party	Weekly	40		
Johnston International Publishing Corporation	*Industry International*	Plant production dealing with technology and management	9 x	40	Lineal Publishing Company	N/A
LFP, Inc.	*Analog Computing*	Computer	Monthly	80	Analog Magazine Corporation	N/A
	ST-Log	Computer	Monthly	50		
North American Publishing Company	*Windward Mark*	New England Sailers	Monthly	2	N/A	N/A
Phillips Publishing, Inc.	*Avionics*	People interested in flight and airborne systems	Monthly	16	Len Buckwalter	$2
Ziff-Davis Publishing Company	*MacWeek*	Computer	Weekly	40	Patch Communications	N/A
	Computer Shopper	Computer users	Monthly	N/A		
	PC Clones	Computer	N/A	N/A		
May						
Link House Advertising Periodicals Ltd.	*For Rent*	Apartment hunters	Biweekly	N/A	Diversified Communications, Inc.	$15

* Group purchase price

(CONTINUED ON PAGE 116)





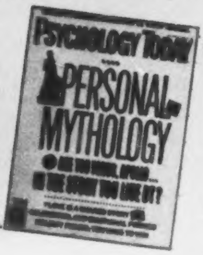
Mergers and acquisitions – 1988

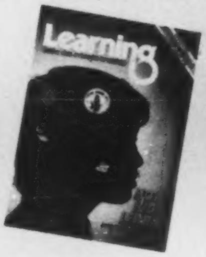
Acquiring company	Magazine	Audience	Frequency	Circulation in thousands	Seller	Price in millions
June (CONTINUED FROM PAGE 115)						
American Express Publishing Company	*L.A. Style*	Regional	Monthly	54	L.A. Style, Inc.	N/A
Billboard Publications Inc.	*American Film*	Film buffs	10 x	130	American Film Institute	N/A
Clapper Publishing Company	*Decorative Arts Digest*	Decorative artists	Monthly	12	Im-Tru, Inc.	N/A
Digital News Publishing	*Hard Copy*	Users of DED computers	Monthly	80	Seldin Publishing	$8
Elsevier	*Learning '88*	Education	9 x	250	Springhouse Group	$90*
	Nursing '88	Nursing field	Monthly	443		
	Office Systems '88	Business offices	Monthly	97		
Gordon Publications	*Computer Reseller*	Computer system and product users	Weekly	42	International Thomson Retail Press	$4.5
Hachette S. A.	*American Photographer*	Photograhers	Monthly	250	Diamandis Communications Inc.	$712*
	Audio	Stereo enthusiasts	Monthly	149		
	Boating	Informed powerboaters	Monthly	192		
	Car and Driver	Car enthusiasts	Monthly	918		
	Cycle World	Cycle enthusiasts	Monthly	270		
	Memories	Nostalgia buffs	Bimonthly	350		
	Flying	Active Pilots	Monthly	331		
	Popular Photography	Photographers	Monthly	751		
	Road and Track	Automotive enthusiasts	Monthly	703		
	Stereo Review	Stereo enthusiasts	Monthly	550		
	Cycle	Motorcycle enthusiasts	Monthly	350		
	Woman's Day	Contemporary women	15 x	69,000		
Milier Publishing	*Farm Supplier*	Retail farm suppliers	10 x	40	Watt Publications	$2
PSC Publications	*Creative Ideas for Living*	Home decoration and design	Monthly	778	Southern Progress	$7.5
Quantum Publishing	*Nursing Homes*	Proprietary nursing homes field	Bimonthly	4	Centaur Corp.	$.8
Scholastic Inc.	*Child Care Center*	Child care	Bimonthly	35	Lake Publishing	$1.5
Senior Service Corp.	*Golden Years*	Mature Floridians	Monthly	720	Steven and Carol Hitter	$1
The Brady Co.	*Corporate Report Wisconsin*	Business in Wisconsin	Monthly	24	CRW Inc.	$.6
The High Point Enterprise, Inc.	*Triad Business*	Regional business	Weekly	15	Spectator Publications, Inc.	N/A
July						
Associated Publications Corp.	*The Florida Constructor*	Local construction	N/A	N/A	Associated General Contractors	N/A
F&W Publications	*How*	Art news	Monthly	35	RC Publications	N/A
Krause Publications, Inc.	*Trapper & Predator Caller*	Fur trappers	Monthly	51	Spearman Publishing	N/A
	Turkey Hunter	Turkey hunters	8 x	12		
Matilda Publications, Inc.	*Ms.*	Women	Monthly	485	Fairfax Publications	N/A
	Sassy	Young Women	Monthly	250		
News Corp.	*Good Food*	Food lovers	Monthly	650	Triangle Publications, Inc.	$3,000*

* Group purchase price

(CONTINUED ON PAGE 120)

Office Systems88
LASER PRINTERS:





Horticulture

Handyman.
WOOD FLOORS

Mergers and acquisitions – 1988

Acquiring company	Magazine	Audience	Frequency	Circulation in thousands	Seller	Price in millions
July (CONTINUED FROM PAGE 116)						
	Seventeen	Teenage girls	Monthly	1804		
	TV Guide	Television viewers	Weekly	17314		
Petersen Publishing Company	*Sport*	Sports enthusiasts	Monthly	932	Sport Magazine Associates	$8-10
Petroleum Finance Co.	*Petroleum Intelligence Weekly*	Petroleum	Weekly	N/A	PIW, Inc.	$12
Sutherland Media, Inc.	*Ultra*	Regional	Monthly	80	Norma Myers	N/A
August						
Micromedia Affiliates	*L.A. West*	Regional	Monthly	51	Santa Monica Bay Printing and Publishing Company	N/A
P.S.N. Corp.	*Corporate Television*	Television	Bimonthly	17	Media Horizons, Inc.	N/A
	Videography	Video	Monthly	28		
PTN Corp.	*Advanced Imaging*	Imaging	Bimonthly	18	Media Horizons, Inc.	N/A
	Industrial Photography	Photography	Monthly	46		
Telemedia, Inc.	*Harrowsmith*	Environmentalists	Monthly	225	Camden House Publishing, Inc.	N/A
September						
Ankur Management Systems	*Circulation Management*	Circulation directors and managers	Bimonthly	10	Aster Publishing	$1.3
Argus Press Limited	70 U.S. titles	Varies	Varies	Varies	Argus Press Group	$351*
Business News Publishing Co.	*Industrial Heating*	Heat treating trade	Monthly	22	National Industrial Publishing Co.	N/A
Business News Publishing Co.	*Paint & Coating*	Industry manufacturers	Bimonthly	17	Western Trade Publishing	N/A
Dobbs Publications	*Corvette Fever Magazine*	Corvette owners	Monthly	115	Prospect Publishing Co., Inc.	N/A
	Decorative Products World	Retailers	Bimonthly	33		
Hachette S. A.	*Elle*	Women	Monthly	851	News Corp. (original 50 percent interest)	$150
Medcom Partners	*Illustrated Medicine*	Medical	N/A	50	Wynwood Publishing	N/A
October						
Boston Ventures Management	*Food Service Director*	Food service directors	Monthly	45	Bill Communications, Inc.	N/A
	Incentive	Managment and marketing motivators	Monthly	37		
	Institutional Distribution	Food services	14 x	37		
	Jobber Retailer	Jobbers	Monthly	31		
	Modern Tire dealer	Tire dealers	14 x	30		
	Plastics Technology	Manufacturers of plastic	Monthly	41		
	Restaurant Business	Executives of commercial food	18 x	115		
	Restaurant/Hotel Design International	Designers of hotels	12 x	35		
	Sales & Marketing Management	Sales executives	16 x	52		
	Successful Meetings	Marketing executives	Monthly	77		
Maxwell Communication	*The Official Airline Guides Unit*	Inflight	Monthly	N/A	Dun & Bradstreet	$750
Time Inc. (50 percent interest)	*Hippocrates*	Health and science	Bimonthly	400	Hippocrates, Inc.	$9

*** Group purchase price**

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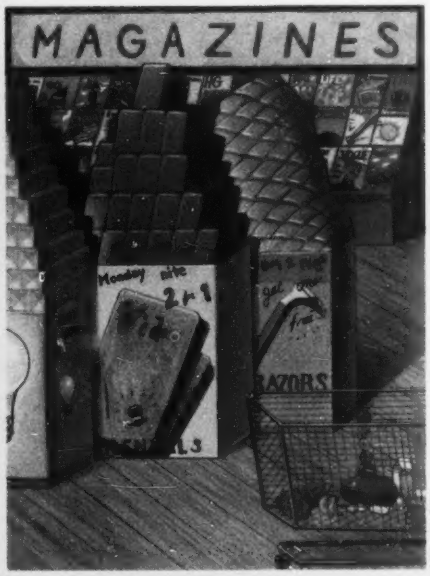
Folio:

MARCH 1989 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50



EARL KELENY

Are retailers getting the message?

Publishers have been counting on the Direct Product Profit study commissioned by Magazine Publishers of America to force retailer recognition of the value of magazines. But do the right people at the chains know about it, understand it, use it? An exclusive FOLIO: and *Supermarket Business* survey provides an objective report on how major supermarket and convenience store chains are responding to this important industry effort. **98**

Fitness of mind, body and magazine

stein is piling his plate
new projects, such as
ile facing rising competi-
the likes of Time Inc.,
d Family Media. To fight
tein has placed his $60
pany on a strict fitness **65**

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MARGARET HUNTER

Desktop color: Better and better

What's happened to the vision of totally computerized color page layout? As is often the case, reality has not quite lived up to the dream. But in spite of delays, desktop color still holds out the promise of lower production costs, tighter deadlines and more exciting layouts. **116**

Taxing ads won't work

Advertising is a potent force for productivity and profit. A tax policy that equates advertising with haircuts and dry cleaning just won't work. There are at least five good reasons why the Government will lose with an ad tax. **176**

First for Women
25¢
LOOKING YOUNGER!
SPRING FASHION FORECAST

Rewriting the rules

First for Women turns conventional wisdom upside down: The newsstand buyer comes first, the retailer comes second, the advertiser comes next, and the subscriber comes last. **161**

(unfold ——→)

March 1989

Second-class entry rule threatened 23

Thanks to rule-dodging by a few large metropolitan newspapers, some magazines might face tougher requirements for second-class entry. The Postal Rate Commission may take a look at upping the requirement for second class from 50 percent paid or requested to 65 percent.

U.S. POSTAL SERVICE

Making your sub offer irresistible 125

Take a look at the three basic elements of your subscription offer. There are ways to strengthen them to make it even harder for prospects to say no.

Organizations you can join 107

Whatever your specialty in publishing—be it editorial, management, circulation, graphics or production—there's an organization to expand your professional reach.

Fair use. . . fair warning 135

The scope of the "fair use" doctrine is narrowing—and the result could be chilling limitations on what you can publish without fear of copyright infringement.

Libel cases on the wane, but. . . 25

Reports now show that, although fewer plaintiffs are taking the media to court for libel, media are increasingly becoming plaintiffs themselves—with access litigation.

College network finds success 37

National ads were lackluster for one network of college titles—until a publisher/sales rep went to work.

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TIMES MIRROR MAGAZINES

The Largest Publisher of
Men's Special Interest Magazines in America

Golf
Ski
Ski Vacation Planner
Get the Perfect Triangle
Yachting
Field & Stream
Home Mechanix
Outdoor Life
Popular Science
X-31
Skiing
Beat the Steep

Nearly **8,000,000 Active Subscribers**

Field & Stream	America's #1 Sportsman's Magazine	1,932,226 Actives
Proven Response for Publications, Book Clubs, Credit Cards, Travel, Gardening, Insurance, Catalogs, Fundraising.		
Golf Magazine	Golf Magazine Delivers	817,793 Actives
Proven Response for Publications, General Merchandise, Credit Cards, Travel, Fundraising.		
Home Mechanix	Helps Homeowners Save Money	1,146,525 Actives
Proven Response for Publications, Book Clubs, General Merchandise, Insurance, Fundraising, Credit Cards, Gardening, Travel.		
Outdoor Life	The Sportsman's Bible Since 1898	1,379,680 Actives
Proven Response for Publications, General Merchandise, Fundraising, Memberships.		
Popular Science	The WHAT'S NEW Magazine	1,623,006 Actives
Proven Response for Publications, Book Clubs, General Merchandise, Fundraising, Memberships.		
Ski Magazine	America's First Ski Magazine	367,814 Actives
Proven Response for Publications, Credit Cards, Travel, Fundraising, Catalogs, Sporting Goods.		
Skiing Magazine	The Skier's Bible	356,107 Actives
Proven Response for Publications, Book Clubs, Catalogs, Credit Cards, Travel, Memberships.		
Yachting Magazine	"In A Class By Itself"	93,042 Actives
Proven Response for Publications, Book Clubs, Fundraising, Credit Cards, Collectibles.		

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Vol. 18 No. 3

Folio:
THE MAGAZINE FOR MAGAZINE MANAGEMENT

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ABP The Audit Bureau MPA

Bush pressed for postal reform

The Postal Service needs competition and a flexible work force, says Heritage Foundation

Washington, D.C.—The Postal Service Reorganization Act of 1970 is obsolete, and inefficiency costs the United States Postal Service $5 billion of its $30 billion budget yearly, according to the Heritage Foundation, a conservative think tank that has presented recommendations for postal reform to President Bush.

The Foundation further notes that the cost of a first-class stamp has increased faster than the rate of inflation during the past 19 years, says Stephen Moore, economic policy analyst for Heritage.

The Foundation, which outlined about a dozen recommendations for change, calls for Bush to set up a Presidential committee to review the changes. This committee might study labor costs, which now account for 83 percent of postal costs. In addition, Heritage wants the Postal Service to give up its monopoly on delivering certain classes of mail.

The Postal Service has a horrendous batting average with third class mail, adds Moore. At least 70 percent of third class mail is either delivered late or not at all. "One way to improve this is to experiment with more competition," he explains. "I don't think the public would be upset about having a separate company deliver advertising fliers."

Heritage also urges President Bush to appoint pro-competition people to the Postal Board of Governors and the Postal Rate Commission. It is unlikely, however, that Bush will make any immediate appointments, because all nine governors and five commissioners are Reagan appointees with time left in their terms.

The report also calls for relaxation of work rules, since the Postal Service must now limit its part-time employees to 5 percent of its work force. "Our recommendation is that the Postal Service get as much flexibility as it needs," says Gene Del Polito, executive director of the Third Class Mailers Association and a consultant on the Heritage Foundation recommendations.

COMSTOCK, INC./RUSS KINNE

Give up the postal monopoly, the conservative Foundation told Bush, who'll be appointing members to postal commissions.

Del Polito, however, takes issue with other points in the report. The Foundation, for example, wants the Postal Service budget to continue as part of the larger Congressional budget. Unfortunately, Del Polito argues, this gives Congress the mandate to decide how much money the Postal Service can borrow or how it must account for its expenses. The Postal Service, unlike other Government organizations, is a profit making business and should therefore be exempt from Government controls, he says.

'A terrible idea'

Other mailers also disagree with the Foundation's suggestions. "A Presidential commission is a terrible idea," says postal consultant Michael Cavanagh. "You don't need to have a commission appointed every time you have a problem. Mailers should try to resolve the problems in other ways." As for other companies to deliver the mail, "that is not something that is going to happen," he comments.

At press time, the Foundation had not received a response from the Bush administration on the proposed changes. "The Postal Service isn't one of the sexiest Government organizations," says Moore. The Foundation's report contained 40 chapters that covered other Government concerns, such as the Office of Management and Budget.—*J.M.A.*

Libel cases diminish, study reports

But access litigation is on the rise

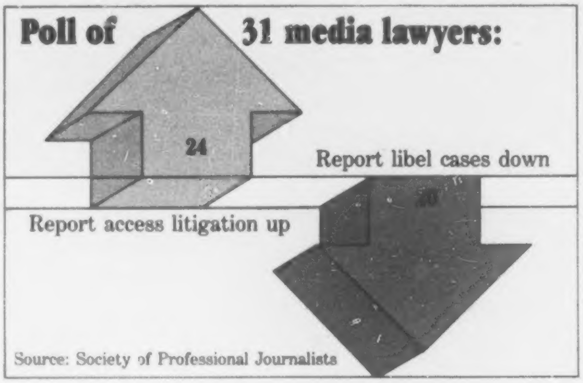
Chicago—High cost, headline-making libel cases are finally thinning out, according to a nationwide survey by The Society of Professional Journalists (SPJ). The reason: Plaintiffs have realized that weak cases will not hold their own in court, and the media have taken a more careful look at handling stories and complaints, the study reveals.

At the same time, however, courts are facing more cases in access litigation, according to the four-month survey titled "Media Litigation '88." The increase in access disputes, the survey says, results from increased courtroom and public meeting closings, combined with the routine sealing of court documents.

Still, "for the first time in recent memory, news organizations are disposing of old libel actions faster than plaintiffs are filing new ones," reports the survey. Just two or three years ago, for example, the *Miami Herald* at times was faced with up to 10 pending libel actions, according to the survey. But only one case—filed in 1983—remains today. Libel cases have dropped about 17 percent in the last three years, compared to the average from the previous five years, reports Paul O'Brien, an attorney for Mutual Insurance Company of Bermuda, one of the industry's largest libel insurers.

In contrast to access laws, libel is well defined, and these boundaries are finally holding back plaintiffs, the survey states. "This heavy burden of proof, the result of more than 20 years of the Supreme Court's grappling with centuries-old libel law, is now beginning to have its designed 'chilling effect' on potential libel plaintiffs," the SPJ says in its report.

In addition, the notable long and expensive cases—General Ariel Sharon



Source: Society of Professional Journalists

against Time Inc., William Westmoreland against CBS, and Mobil Oil Company president William Tavoulareas against *The Washington Post*—have discouraged weak claims, according to the study.

"The Sharon and Westmoreland trials have been instrumental in the decrease in libel suits," states *New York Times* attorney George Freeman in the report.

The media has also renewed efforts to prevent libel claims, states the study of 31 newspapers, broadcast stations and news organizations. Recent actions include closer editorial supervision of investigative reporting, more frequent use of media lawyers to preview sensitive or potentially libelous stories, and willingness to publish corrections or clarifications when appropriate. The study shows that people are usually mollified by responsible reactions to their complaints about what was printed or aired, says Paul McMasters, chairman of the SPJ's National Freedom of Information Committee.

"This has been a minefield for so long for so many people," McMasters says of libel.

And while the decrease in libel cases is significant, some media lawyers also see a trend toward higher damage awards. The report cites the $3.05 million awarded to tobacco company Brown & Williamson against CBS, saying the amount is nearly four times greater than any other damage award upheld on appeal.

Media lawyers are also spotting libel actions taken on in the name of privacy. According to the report, plaintiffs sometimes sue for invasion of privacy and emotional distress, rather than libel.

Access cases surge

The study also points to a rise in access litigation, because of a corresponding rise in sealed Government documents and court cases. The *Dallas Morning News*, for example, reports in the study that 80 civil cases were sealed in the county between 1920 and 1979, but more than 200 such cases have been sealed without notice to the public or press since 1980.

Because access laws are unclear about which court proceedings and Government documents are open to the public, "news organizations often are forced to resort to litigation to determine the extent of the public's rights of access," according to the report.

Access litigation is generally not paid for by insurance, so most cases are carefully chosen, the report says. The SPJ believes that editors will press on, regardless.

"Until the boundaries of access law are clearer, the Government can be expected to continue its attempts to hide malfeasance, incompetence and inefficiency behind murky legal precedents," says Bruce Sanford, counsel to the SPJ, in the study.

The growing pains of access law, the study concludes, appear to be just beginning.

The SPJ survey is being publicized in the society's annual report and has been sent to its 20,000 members, McMasters says. Hopefully, he says, "What will come now is that people in the media, academic or legal professions will do a real hard study."—*L.F.*

Impulse sales threatened by drop in supermarket outlets

Fewer stores, busier shoppers create a publishing challenge

New York City—Fewer supermarkets and busier shoppers are forcing publishers to sharpen their retail strategies if they want shoppers to toss their magazines into grocery carts, according to a new research report from ICD/The Hearst Corporation.

The report, "Marketing Dimensions," notes that the number of stores dropped from 152,000 in 1986 to 150,000 in 1987, revealing "a potentially dangerous trend for publications, which rely heavily on impulse sale."

Moreover, shoppers are not going to the store as often, and spend less time there when they do. In 1984, customers shopped an average of 2.4 times per week. By 1987, the report says, they were shopping only 1.7 times per week,

MAGAZINES
Sale

MICHAEL PARCHMENT

finally getting to that last reader a bit tattered and well-read. "*Modern Materials Handling* offers you six for the price of one . . ." reads the headline.

Sbordon says Maxx MacConnachie, vice-president of the BPA, addressed his sales force on the importance of the pass-along results and the meaning behind having so many extra readers. "It demonstrated the power of the business press," says Sbordon. "We can't continue to increase circulation like consumer magazines, so we improve our product, and get more pass-alongs."

Fischer says he thinks the BPA audit will benefit business magazines with a paid circulation even more than those that are controlled; because they cost money, it is even more likely that they are passed around a lot. "If I was paid [circulation] I'd be rushing to do this," he says.

BPA says it is talking with other magazines about doing the audit, but no further projects have been confirmed yet. The cost of the audit is based on the print run of the publication. A sample cost, Williams says, would be $2,150 for a magazine with a print run of 54,000 to 60,000.—*L.F.*

FTC hobbled in ad regulations

Official argues that understaffed agency could give regulatory power to states

Washington, D.C.—The Federal Trade Commission may be irreversibly forfeiting its role as national regulator of false and deceptive advertising, one of its commissioners warned recently.

Because of budget cuts, the agency has fewer employees now than at any time since 1961 and is in danger of becoming a "stealth [invisible] agency," according to Andrew J. Strenio Jr., one of the five presidentially appointed commissioners who run the agency. He spoke in November at a conference on advertising law sponsored by the American Advertising Federation.

Although manpower has dropped at the FTC, advertising expenditures in the United States have risen from $1.7 billion in 1961 to $14.7 billion in 1987, or 240 percent when inflation is factored out. If FTC staffing had stayed level with advertising growth, the agency would now have more than double the number of employees Congress budgeted for in the 1989 fiscal year, Strenio notes.

The consequences of ignoring the situation, he claims, will involve more than just an increase in false advertising or antitrust violations. Pressure from consumers for greater regulation of nutritional and health advertising, for instance, may force state attorneys general to step in to fill the gap left open by a hobbled FTC. That may result in 50 different sets of laws to govern some issues that are clearly national in scope, says Strenio. "Competition could be inadvertently stifled as a result of an overly intrusive policy by the states in particular areas," he says.

"If there is no change in the current FTC metabolism, then the states will continue to take on more responsibility and become more deeply entrenched," Strenio says. "Congress certainly will not pre-empt the states where it perceives little Federal presence. This is true even though the logic is overwhelming that—in most cases—the public would be best served in matters of interstate commerce by a consistent, Federal approach.

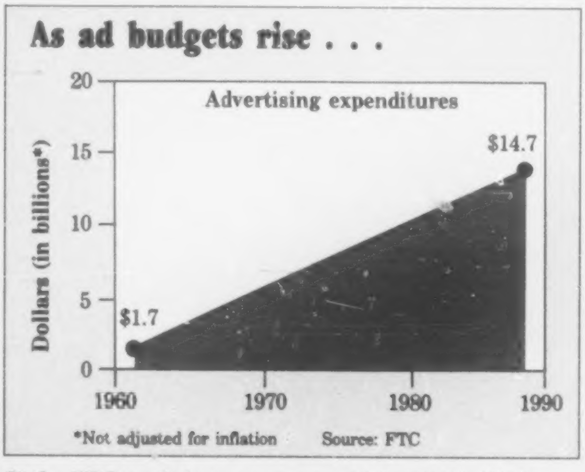
"Further, the longer the FTC plays second fiddle to the states, the harder it will be to change the tune," he adds.

Another factor in the FTC's future is President Bush's appointment of three new FTC commissioners by the end of this year, including a new chairman. "That power is all the greater because the commission is delicately balanced on a number of issues," Strenio says. "As such, the arrival or departure of even a single commissioner could have a pronounced impact both on individual cases and on the long-term direction of the agency."

Dearth of cases

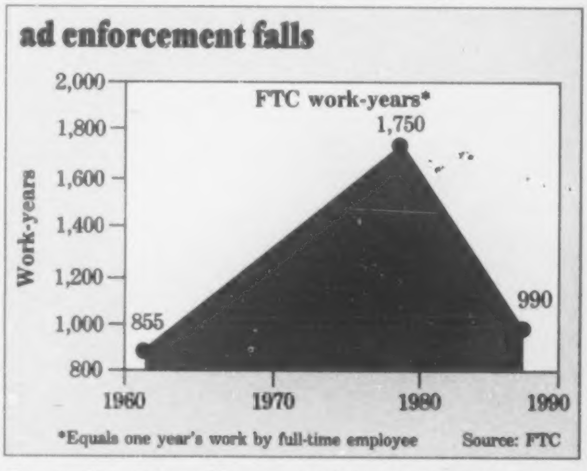
Meanwhile, signals point to an inactive FTC, he says. For instance, in food advertising, FTC actions since 1986 can be counted on one hand, he says.

"This is not the kind of track record that will convince the states to concentrate their efforts elsewhere," he argues, "especially since the public is paying increasing attention to health aspects of food consumption."—*M.H.*



*Not adjusted for inflation Source: FTC

If the FTC can't keep an eye on ad fraud, it's likely that state attorneys general will, says a commissioner.



*Equals one year's work by full-time employee Source: FTC

Eventually, that could mean 50 different sets of laws to obey, he warns.

Concentrated advertising boosts recognition

New York City—Concentrated advertising campaigns boost product familiarity and company awareness according to McGraw-Hill Research.

The first study measured a 31 percent increase in product recognition after a manufacturer of power conditioning equipment ran 24 ad pages over a 15 month stretch in McGraw-Hill's *EC&M*. Recognition of the product jumped from 30.9 percent before advertising to 40.4 percent after placing eight four-color, two-page spreads and eight four-color, full-page ads.

"Advertising communicates the exact product and benefit information, delivering a consistent message time after time," according to the McGraw-Hill Research Laboratory of Advertising Performance (LAP) report. "Further, as competitive products enter the marketplace, advertising helps to maintain and strengthen a product's visibility by informing, persuading, and reminding prospects about the product's benefits."

The survey, which went to 400 readers, had a 49 percent response rate.

In another test, a firm that sold uninterruptible power systems (UPS) was recognized more than twice as often after placing ads; a company that sold equipment and power regeneration equipment had an awareness rating 67 percent higher than before it advertised.

Each report was conducted by mailing questionnaires to 400 names selected on a random basis by the *EC&M* Electric Industry Evaluation Panel. Two-hundred electrical contractors, 140 building facilities electrical specialists and 60 engineering consultants were questioned.

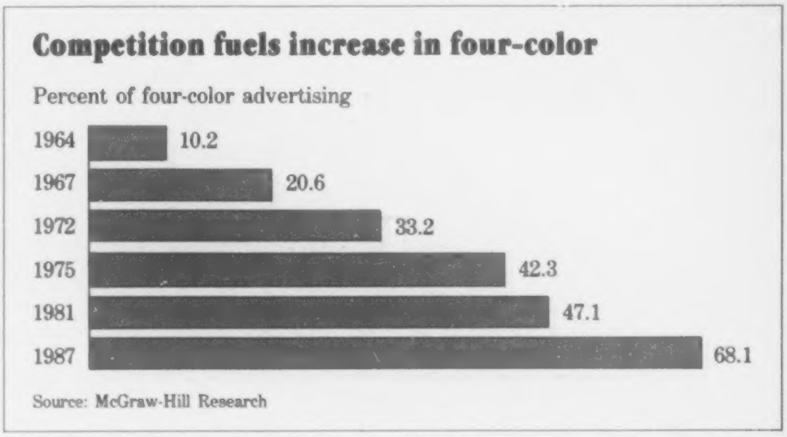
The second questionnaire achieved a 53 percent response rate.□

Four-color ads on the rise

New York City—Business-to-business advertisers have continued a three decade tradition of increasing four-color advertising, according to McGraw-Hill Research's Laboratory of Advertising Performance (LAP). The study shows a near seven-fold increase in the number of four-color pages printed between 1964 and 1987.

On average, two-thirds of all ad pages in 1987 appeared in four-color, up from 47 percent in 1981. Data for the report was obtained from 19 McGraw-Hill publications.

"I would think that use of four-color is very prevalent now because it enhances the attractability of the ad," comments Sheldon Wayman, manager of LAP. "I think advertisers are realizing the impact of four-color as opposed to black-and-white. The major goal is to establish contact with your audience, and the eye is more likely to identify with four-color," claims Wayman.□


Competition fuels increase in four-color

Source: McGraw-Hill Research

Use of four-color has jumped sevenfold in two decades, making it tougher for business ads to stand out from the competition.

TRUE OR FALSE:
Do facts or myths guide your direct mail decisions?
Take this quiz and see:

1. Cheap is economical.
2. Everything should be tested.
3. Creative people work best with super tight deadlines.
4. You can get a breakthrough without taking chances.

If you agree all of the above statements are false, you're the type of client we want to talk to.

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Advertorials hurt edit, say 39% of editors

New York City—Most editors worry that advertorials force them to assume the role of vendor for the advertiser, according to a recent survey conducted by the Association of Business Publishers (ABP).

The ABP questioned members on advertorials and supplements last fall, and received 163 responses. Among the findings:

- About 39 percent of editors were concerned about advertorials compromising the credibility and independence of their staffs. Sixty-five percent, moreover, were concerned about editors assuming the role of vendor for advertisers.
- A majority of respondents published three or fewer advertorials per year; many published none.
- A slim majority (51 percent) said their publications actively sought advertorials. Sixty-five percent of editors, on the other hand, indicated that their publications actively sought to publish special supplements, which are aimed at an advertiser segment, but with no advertiser control over content.
- In a large majority of cases, advertorial ideas are generated by the sales department or advertiser. About 23 percent of respondents, however, believe editors should be encouraged to develop advertorial concepts.
- About half the editors believe the advertorial should not be written by a staff member. Some, however, say advertorials should be staff-written in order to maintain quality.

Some editors also added their own thoughts on advertorials, with one stating that "advertorials reduce publishing to direct mail," while another called the sections "a necessary evil." On the other hand, advertorials had been especially helpful drawing new advertisers to one magazine, said one editor. Another offered that "provided advertorials are clearly flagged as 'advertisments,' I have no serious problem with them."—*E.T.*

Sounding off on advertorials

Advertorials . . .	**Respondents who agree**
Are valuable in improving market position	35%
Should always be written by nonstaff	50
Should be bylined	17
Compromise the credibility of the staff, particularly with regard to advertisers	39
Have little effect on staff credibility	28
Put editors and the magazine into the dangerous and awkward position of being a vendor for advertisers	65

Source: ABP

***Nearly two-thirds** of business editors were concerned about assuming the role of vendor for advertisers.*

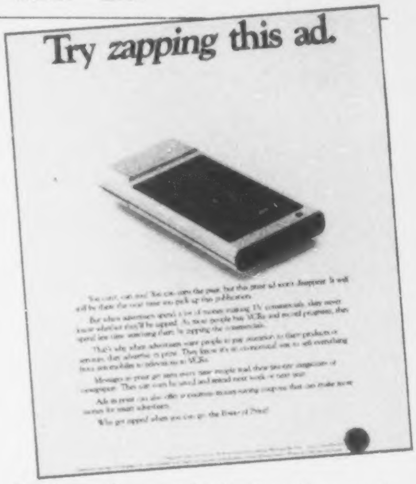
Graphic Arts Association sponsors awards

Philadelphia—The Graphic Arts Association (GAA) is currently accepting entries for its second annual Power of Print contest, which endorses the use of print advertising over other media. While the contest is open to advertising and design agencies in Pennsylvania, New Jersey and Delaware, inquiries are welcome throughout the country.

"We thought it was time to bring advertising and design agencies into closer ties with the print industry," said David Phillips, director of communications for the GAA.

The contest began in 1973 and ran three years before being discontinued for financial reasons. Last year the GAA, with supporting sponsorships from the *Philadelphia Daily News* and *Philadelphia Inquirer*, renewed the competition and received 50 entries. Phillips expects that number to exceed 200 this year because of publicity generated from the 1988 contest.

Ten finalists' ads are sent to newspapers and magazines throughout the country where they can be used free of charge. Over 500 publications ran the winning ads in 1988.



Try zapping this ad.

***Last year's award-winning** Power of Print ads were published in more than 500 magazines.*

The finalists will be announced at the Neographics Awards ceremony on May 17. Helriegel-Keenan of Allentown, Pennsylvania, was the winning agency a year ago. All entries must be received by March 31. For more information call Fred Phillips at 215-299-3327.☐

Inc. video wins award

Boston—*Inc.* magazine's video titled "Creating a Winner: The Real Secrets of Successful Marketing" received an American Video award from the American Film Institute and *Billboard Magazine*.

The 70-minute video, the fourth in a series of business videos from *Inc.*, won for best original program in the business category for 1988.

Cosponsored by AT & T, the video features marketing tips from five top entrepreneurs: Eliot Wadsworth, owner and president of the White Flower Farm; Stew Leonard, chairman of Stew Leonard's supermarkets; Henry Block, president of H & R Block; Tom Monaghan, founder of the Michigan-based Domino's Pizza; and Bill Samuels, chief executive officer and president of Maker's Mark Distillery. The video includes information on AT & T services, but does not actively promote *Inc.*, says a spokesperson for the magazine.

"Creating a Winner" was produced by Teletime Video Productions of Great Neck, New York. *Inc.* paid $180,000 for the video and sells copies of it for $59.95.

Inc. declined to comment on revenue produced by the video. "We're very pleased with the results," says the spokesperson.☐

1988 magazine launches and mergers & acquisitions

FOLIO:'s roundup of 1988 magazine start-ups and merger and acquisition activity were featured in the January and February issues. Following is an updated listing that presents magazine data unavailable for our original articles.

New magazines

Magazine	Company	Audience	Circulation in thousands	Type of circulation
March/Business				
SportCare & Fitness	SportCare, Inc.	Coaches, trainers, aerobic and fitness instructors	35	Nonpaid
April/Business				
RIS News	Edgell Enterprises, Inc.	Retail technology managers	10	Nonpaid
April/Consumer				
Hispanic	Hispanic Publishing Corporation	General interest for Hispanics	150	Paid & nonpaid
October/Business				
Control	Putman Publishing Company, Inc.	Instrumentation and control systems personnel	75	Nonpaid
Food Business		Managers of food businesses	40	Nonpaid
The Texas Printer	Branch-Smith, Inc.	Printers in Texas	4	Paid
November/Business				
DJ Times	Testa Communications	Professional disc jockeys	15	Nonpaid
Executive Living	Business Journal Publishing Co.	Northeastern Ohio business executives	27	Nonpaid
Pro	Johnson Hill Press, Inc.	Professional lawn maintenance firms	45	Nonpaid
RT	Curant Communications, Inc.	Respiratory care practitioners and therapists	20	Nonpaid
The Journal of Invasive Cardiology	Health Management Publications	Primary cardiologists and cardiovascular surgeons	13	Nonpaid
December/Consumer				
Aqui	Aqui Publications, Inc.	Men 18-49	N/A	Paid
Modern Short Stories	Claggk Publications, Inc.	Short-story readers	N/A	Paid
The Keys Guide	Prescott Visitor Magazines	Visitors to the Florida Keys	30	Nonpaid

Mergers and acquisitions

Acquiring company	Magazine	Audience	Frequency	Circulation in thousands	Seller
October					
ACT III Publishing	*Mix*	Recording industry	Monthly	33	Mix Publications, Inc.
	Electronic Musician Magazine	Musicians	Monthly	44	
Chemical Week Associates	*Chemical Week*	Chemical process industry	Weekly	49	McGraw-Hill Publications
	Industrial Chemist	Chemical process industry	Monthly	40	
Computer Systems News	*Systems Integration Age*	Computer system users	Weekly	72	Schueler Communications, Inc.
J. B. Lippincott Co.	*Oncology Times*	Physicians who treat tumors	N/A	21	Herlitz Publications, Inc.
	Orthopedic Product News	Foot doctors	N/A	29	
	Emergency Medicine and Ambulatory Care News	Health care professionals	N/A	27	

(CONTINUED ON PAGE 63)

Acquiring company	Magazine	Audience	Frequency	Circulation in thousands	Seller
October (CONTINUED)					
Medical Economics Co.	*Business & Health*	Company benefit and health care planners	Monthly	30	Health Learning Systems
	Healthy Companies	Company benefit and health care planners	Quarterly		
	Managing for Health	Company benefit and health care planners	Quarterly		
PennWell Publishing Co.	*The Oilman*	Oil industry	Monthly	17	Maclean Hunter Ltd.
November					
Feredonna Communications	*Magazine Issues*	Magazine publishers	Bimonthly	13	Coast Publishing, Inc.
Financial Communications, Inc.	*Northwestern Banker*	CEOs and general managers of banks	N/A	7	Ben Haller
National Journal	*Military Forum*	Military personnel, Congress and defense suppliers	9 x per year	27	Argus Press Holdings
Patricia MacKay	*Cue*	Theater designers	Bimonthly	N/A	Twynam Publishing Ltd
December					
The Economist Newspaper Group, Inc.	*CFO*	Financial executives	N/A	300	Neil Goldhirsh
The Laux Company, Inc.	*Insurance Conference Planner*	Conference planners	N/A	13	Bayard Publications, Inc.
	Convention World	Conference planners	N/A	6	

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►Performance

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►What You Get

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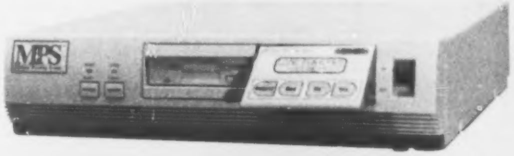

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Special report

Are retailers getting the message?

An exclusive FOLIO:/ *Supermarket Business* survey reveals exactly what retailers know about Direct Product Profit

JEAN MARIE ANGELO
SENIOR EDITOR

How do the Magazine Publishers of America (MPA) spell relief for single-copy sales declines? They spell it D-P-P, which stands for Direct Product Profit, an in-depth way of measuring profits that goes beyond a simple measurement like gross margin. For several years the MPA has proudly presented studies that show magazines as one of the most profitable items sold in convenience stores and supermarkets, when measured with a DPP formula. But some retailers seem not to have gotten the message. Although elaborate charts tell an exciting story for magazines, FOLIO: has found that many retailers do not recall the study—or worse, do not plan to increase space for magazines.

In 1986 the MPA commissioned Touche Ross & Co. to measure magazine profitability against other common general merchandise items. To date, MPA has presented the results of its DPP studies to the executives who run 25 of the largest supermarket chains. Other trade associations have made presentations at dozens of smaller chains.

The data are impressive: Magazines, when measured by the more involved DPP formula, are in the top third in terms of profitability. This means they are more profitable than such popular products as video rental tapes and beer—but they are not given as much space in the stores as the less profitable items. The goal of the study was to get retailers excited about magazines, to protect the space at the front end, and to get them to add space on mainline racks.

Relevance to the bottom line

But not all retailers have recognized the relevance of the study to their bottom lines, according to a survey conducted by FOLIO: and *Supermarket Business*.

To get the retailers' reaction to the commissioned magazine DPP study, FOLIO:, in conjunction with *Supermarket Business*, polled the top supermarket and convenience store chains in the United States. Questionnaires were sent to the general merchandising executives at 196 supermarket and convenience store chains. Seventy-four executives responded, a 38 percent response rate.

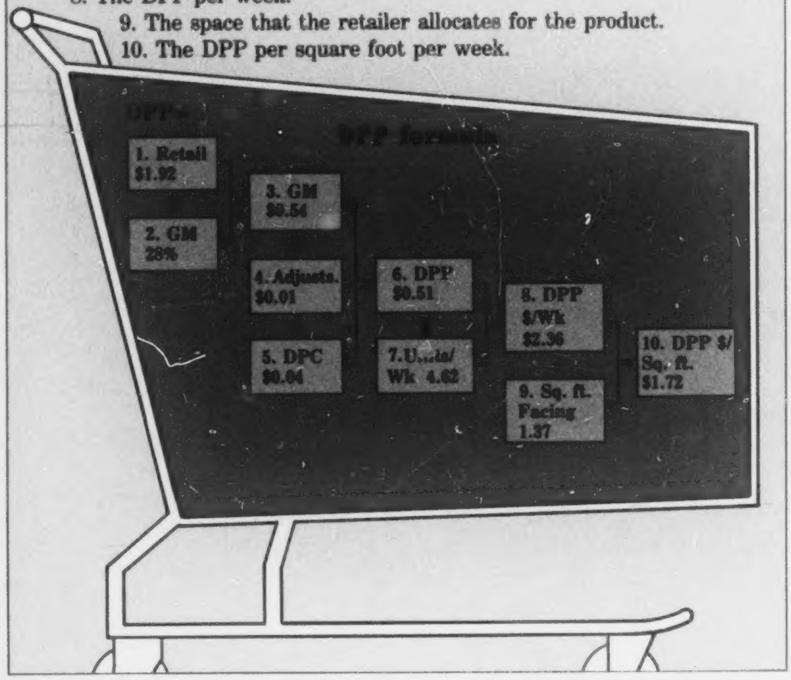
A significant finding was that many of the general merchandising managers at the top 196 chains were not familiar with the results of the magazine DPP study, and had no plans to increase space for magazines. The explanation may be simple: MPA made presentations to CEOs, presidents and other top level executives. The goal was to inform top management about magazine profitability in hopes that the data would influence long-term space allocation decisions, explains David Lee, senior vice president, MPA. The FOLIO: survey contacted general merchandising managers (middle management). Apparently, the good news about magazines, in some cases, has not filtered down to the people who do the day-to-day planning.

> "Apparently, the good news about magazines, in some cases, has not filtered down to the people who do the day-to-day planning."

In other cases, however, it is not

Here's how retailers determine Direct Product Profit

1. The sale price of an item.
2. The percentage of the retail price that is profit for the retailer.
3. The retailer's gross margin.
4. Additional revenue for the retailer, such as the magazine industry's Retail Display Allowance (RDA).
5. The Direct Product Cost, which includes transportation and other handling costs that the retailer incurs.
6. The Direct Product Profit (DPP).
7. The number of units sold per week.
8. The DPP per week.
9. The space that the retailer allocates for the product.
10. The DPP per square foot per week.



just middle management that cannot recall the magazine DPP study. Although The Southland Corporation, parent company of the 7-Eleven chain, allowed one of its stores to be part of the convenience store study, Southland's president, Jere Thompson, did not remember the MPA's study when contacted for our survey. In addition, Thompson did not believe that Southland divisions would necessarily be granting more space to magazines.

Other merchandising executives who do know about the study have not felt the need to increase space for magazines. This is true for three of the 25 chains that the MPA targeted—Meijer, Inc., Shaw's Supermarkets Incorporated and Sentry Markets Inc., according to our survey.

What's the investment?

These responses are disappointing, considering the time invested in the DPP effort. MPA began working on the project three years ago. The first study, released in late 1986, revealed that magazines were the fourth most profitable general merchandise item sold in the three convenience stores studied.

> "The profitability of magazines warrants that they get more space."

[redacted]

Several months later another study revealed that magazines were in third place in supermarkets.

The MPA funded the initial studies, and then asked the Council for Periodical Distributors Associations (CPDA) for financial help in spreading the word to the industry. The two financed a videotape to explain the study results to the retail community, and also prepared printed materials. CPDA then agreed to go 50-50 on further studies, such as the recent one conducted in discount department stores. The two associations asked publishing companies and national distributors to chip in, as well. It is estimated that, to date, $1.05 million has been spent on the DPP studies.

MPA has spent the most, an estimated $750,000. CPDA has contributed $300,000 to the effort, and the rest has come from other companies.

Has the investment paid off? Yes, insist the associations. But the success may not be marked by cheers and applause.

It might be difficult to find an executive who has seen the presentation and said, "Stop, I'm calling my stores to tell them to add five feet of space," says John Harrington, president of CPDA. But a more positive attitude toward magazines does exist. "We wanted to create a more friendly atmosphere. These people are under a lot of pressure from other product lines that want the space allotted to magazines. We now see a friendlier atmosphere in keeping magazine space," he says.

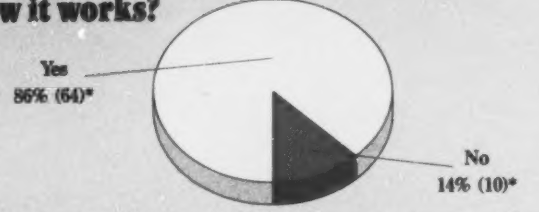
The MPA has stated in the past that its goal was to be more of a "consultant" to the retailers, without looking self-serving. It is the reason MPA hired Touche Ross & Co. to do the DPP studies. The Touche Ross organization had already conducted DPP studies for the frozen foods industry, and had done management consulting for supermarket chains.

This approach has had an impact, say Lee and Harrington. A new acceptance of magazines was evidenced by the tone at the most recent conference of the Food Marketing Institute, held in the fall, says Harrington. Several presentations on general merchandise referred to magazines as top profit producers, he adds.

Wholesalers and national distributors contacted by FOLIO: say that most retailers who have seen the magazine DPP studies have reacted in a positive way. Few have totally dismissed the findings. The wholesalers also say that they have made some gains as a result of the studies.

Farmer Jack Supermarkets, a chain, has granted additional space for testing on magazine sales; Bruno's Inc.,

Are you familiar with the DPP formula and how it works?



There are even some chains in the top 200 gross revenue producers who don't know about DPP, even though the formula was introduced to the supermarket industry more than a decade ago. Familiarity with DPP is important if chain management is going to be impressed with the MPA's findings.

***The number of respondents who answered the question is in parentheses.**

in Birmingham, Alabama, has given up approval of every title, and has allowed the wholesaler more leeway in stocking the racks; King's Super Market division in Denver has converted a lot of direct business to local wholesalers.

Louisville News, a wholesaler in Kentucky, reports that the Louisville area stores of The Kroger Co. have increased mainline space for magazines. When the chain recently opened six superstores (stores with square footage between 60,000 and 70,000), magazines and books were put in a separate "reading center," with increased space. Magazines have 20 to 28 feet of shelving, while the rest of the 122 feet of shelving goes to books, says Jane Donaldson, manager of Louisville News. Consequently, magazine sales for Kroger have increased by 300 percent, says Donaldson. Magazine dollar volume for just one of the stores has gone from $700 to $2,200 per week, she says.

This activity may create a domino effect on other chains with stores in the area. Winn-Dixie Stores, Inc., a chain that has been less receptive to the magazine DPP story, may reconsider spacing decisions after witnessing Kroger's move, speculates a wholesaler.

The retailers who have developed a more positive attitude about magazines may not be aware of how the DPP studies influenced them, which may explain the results of the FOLIO:/*Supermarket Business* survey, suggests Donaldson.

Other retailers directly refute the studies' inference that more space for magazines will bring more profits.

"I don't know if more space really means more sales for magazines," says John Green, buyer and direct store delivery coordinator for First National Supermarkets, Inc., a chain with 68 stores in the Northeast. The chain allots 12 feet of magazine aisle space in its larger stores, and eight feet in its smaller stores. "I've gone beyond that in some stores, but then we've run into problems in getting titles that sell. When you go beyond 16 feet of space, the racks start getting filled with a lot of garbage. Ninety-nine wrestling magazines—titles that don't sell."

> "Most retailers who have seen the magazine DPP study have reacted in a positive manner."
>
> [redacted]

Savvy marketing is more important than space, Green says. Keeping the racks neat and stocking magazines that appeal to the demographic area will affect sales more than additional footage, he says. "*Architectural Digest* doesn't do me a lot of good in the Bronx," he adds.

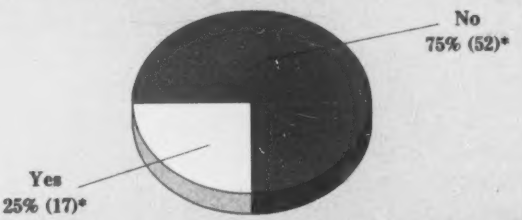
"Once you get beyond 16 feet, the sales taper off dramatically. Fifty percent of our magazine sales, if not more, probably come right off the check-out," Green says.

Still, Green adds that the DPP study has been effective in protecting check-out space for magazines. The study does show executives who are not familiar with magazines how much money they can make, he says. It is especially important to understand that magazines are an impulse buy, since they are fighting for check-out space with candy, gum and newer items, like videotapes.

"It is definitely more competitive for check-out space. Gone are the days when we give space out at random. The average supermarket today doesn't have room on the shelves to market what is offered," Green adds.

Retailers have issued other retorts to the study. "Each views his own company as unique," says Mark Caldwell, executive vice president of the Maga-

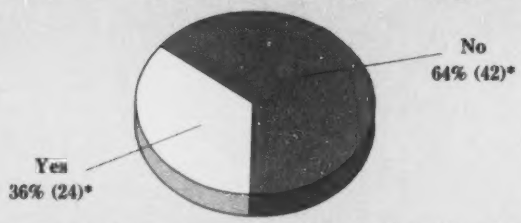
Does your chain use a DPP calculation to make space allocation decisions?



A large percentage of chains don't use DPP, even though it has been trumpeted as the most accurate way to measure profitability. Managers at the smaller chains in the top 200 say that they base their space decisions on gut feelings. Some respondents offered comments: "We can't see how using DPP would change how we do our business." "Our bigger stores have allocated more space for magazines. We don't use DPP, but as we see the studies, we consider increasing space category by category. As we build newer stores we will be adding more space for magazines." "DPP is very good, but it is only a part of the whole picture. It's in its infancy right now, and has a way to go."

***The number of respondents who answered the question is in parentheses.**

Are you familiar with MPA's study of magazine DPP?



Most general merchandisers are not familiar with the magazine DPP study, even though the top magazine and periodical associations presented the results at many chains. Some who were familiar with the study offered comments: "The magazine DPP survey had problems because it compared magazines to other nonfood items. It would have been more useful if it had compared magazines to food items." "I was amazed at the high figures in the magazine DPP study."

***The number of respondents who answered the question is in parentheses.**

zine and Paperback Marketing Institute, a group that has helped spread the word to the supermarket industry. There is the attitude that "this shoe doesn't fit my foot," he says. (The supermarket study was based on two stores.) "What the study begs is, yes, this is not necessarily your store, but these results are indicative of how magazines sell in supermarkets."

Categories that are the most profitable in one store are usually the most profitable in other stores, explains John Phipps, national director of consumer products consulting, Touche Ross & Co., and the man who led the magazine DPP effort. The actual DPP numbers may change, but the concept is the same, he says.

Where's the follow-up?

To date, however, MPA and the related associations that have brought the DPP message to retailers do not have follow-up on how effective the study has been. No association has a list of how each chain has reacted to the DPP studies. The reason for this may be two-fold: The merger and acquisition activity in the supermarket industry makes it hard to get fixed numbers on future plans; and the budget considerations of the MPA and other associations may prohibit an extensive follow-up. MPA and CPDA have considered surveying those chains that have seen the magazine DPP presentations, but this is still in the planning stages.

"People want tangible results," acknowledges Jack Fitzmaurice, president and CEO of Periodicals Institute, and member of the MPA's single-copy sales task force. "We were perhaps lax in not keeping track of the specific reactions to the study. I can't defend the fact that we don't have a list of what happened. But I can say that positive things did happen," he states.

"Video rentals are the biggest competitor with magazines for space."

[redacted]

An observer must take a broad view to see the real advantage of the magazine DPP studies, he suggests. They gave the magazine industry a legitimate opportunity to talk to top level retailers. "If nothing else accrues, we've gotten the opportunity to knock on the door and get in when we might not have done that," explains Fitzmaurice.

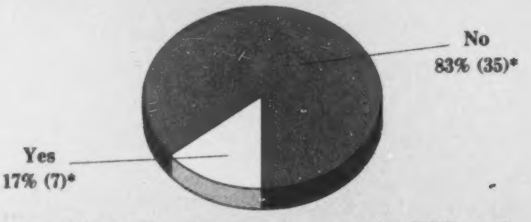
The studies have also given the magazine community one voice. "Fortunately, or unfortunately, our industry has over 400 wholesalers. They can't tell one story like a Procter & Gamble can." The studies and follow-up materials unified the industry, he says.

MPA and CPDA must now look at what they could have improved upon, says MPA's Lee. A trade advertising campaign may have helped keep the message fresh in the minds of retailers, he says, but budget cuts prevented such a campaign. "This is the first cooperative project of the MPA and CPDA. Whatever we can learn from what we did can help us better target and promote to these key people," he says.

Lee firmly believes that the money spent on the DPP studies was a good investment. The magazine industry spends an estimated $1 billion annually producing and distributing copies that go unsold. The $1.05 million spent on the DPP studies "pales in comparison," he says.

It is unlikely that the DPP study has had immediate impact on the convenience store industry, because con-

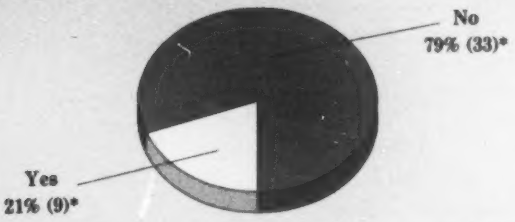
Has the MPA study prompted you to increase space allocation for magazines?



Not many respondents directly cited the magazine DPP study as an influence on space allocation. Still, many said that they were holding firm on magazine space, or increasing it. "In the past month we increased the front end space for magazines." "We're already increasing space for magazines and continue to because they have a high return." "Magazine sales are getting better all the time. We're expanding sections, we do promotional activities and change rack positioning." Six of 74 executives that we contacted said that although they did not know of the MPA's study, they expected to increase magazine space.

***The number of respondents who answered the question is in parentheses.**

Do you expect to add more space for magazines by 1991?



Unfortunately, most of the respondents to this question did not foresee adding space. Several offered insight on future decisions: "If we add space, or build a new store, we will increase magazine space proportionately. But we won't be giving magazines more of a percentage of the space." "We're considering expanding magazine space; we're reviewing it now." "Our space is maxed out at existing fixtures. We were giving magazines 20 percent of the check-out space, and 80 percent in a mainline aisle. Now the ratio is 65 percent to 35 percent."

***The number of respondents who answered the question is in parentheses.**

venience store management has yet to fully embrace the DPP measurement concept. In fact, the convenience store industry did not have a standard DPP model formula before the MPA commissioned Touche Ross to design one. The situation is different in the supermarket industry, where a DPP formula has been used for years.

To use a DPP formula in any practical way, a store must use scanners at check-outs, and convenience stores do not use scanners the way supermarket chains do. By not scanning in prices at the check-outs, convenience stores miss out on precise inventory control information. This is necessary if DPP is to be used.

Convenience stores have been slow to jump on the scanner bandwagon because of the nature of the business. These stores tend to be franchise operations, with independent people running their particular stores. They are less likely to spend the $5,000 that it takes to put a scanner at a check-out. Also, convenience stores are smaller in size than supermarkets, and don't have the problems of inventory control. It is easier for a convenience store owner to get a sense of what merchandise is popular with customers without the scanner information.

For now only the very large convenience store chains are likely to use DPP, says Kerley LeBoeuf, president of National Association of Convenience Stores, a group with 1,300 members. The association does expect the use of DPP to grow.

"I've never heard of the MPA's DPP study," adds LeBoeuf. Although the MPA did make a presentation of the study at the NACS conference in November 1986, it is apparent that the facts did not stand out [illegible] the wealth of information presented to retailers.

LeBoeuf can't be chastised for not recalling the MPA's study. Both convenience store and supermarket managers are routinely inundated with studies done by the tobacco companies and other general merchandisers. "Every major category does something every year," explains Tim Hammonds, senior vice president of Food Marketing Institute, a representative for the supermarketing industry. Management in a retail chain might see 25 presentations each year, adds Phipps. A chain may even participate in as many as eight studies per year.

Retailers say that the results of all these studies can be confusing. One supermarket retailer contacted as part of the FOLIO: survey remarked that magazines look good in the magazine DPP study, but other studies conducted on behalf of the paperback book industry make that category look more profitable.

It is understood that the DPP measurement is the wave of the future, allowing for a more accurate profitability picture than gross margin. But the wave hasn't fully come to shore. The most recent Food Marketing Institute's study of DPP use in supermarket chains, conducted in 1986, reveals that

What is the average amount of space your chain allocates to magazines in each store?

	Supermarkets with less than 25,000 square feet	Supermarkets with more than 25,000 square feet
Aisle:	16 feet, 8 inches	28 feet, 1 inch
Check-out:	12 feet, 1 inch	17 feet, 5 inches
Convenience stores:	8 feet, 6 inches	———

Several merchandising managers said that the bulk of magazine sales come off the check-out rack. One respondent believed the magazine DPP study has helped protect this precious front end space. Several offered remarks on their spacing decisions: "We gave 20 feet of space in one of our larger stores, but the vendor couldn't fill it. He asked that the space be cut back. There is a problem with labor. Getting the vendors to service the racks is the real issue." "We've decreased the space allocated to magazines. We had trash, so we took some titles off the rack and sales increased." "We are concentrating on other merchandise right now." "Sometimes you have to choose between paperbacks or magazines. We sell magazines at the front end; we believe that magazines sell well there. If I have more feet to fill I choose a category that is not represented in the space already. Because we offer magazines at the front end, additional space there would be granted to another item." Several say better service from vendors, not more space, will increase magazine sales.

25 percent of its membership was using DPP. This percentage would be higher today, adds Hammonds. Still, DPP has a way to go before it is used by the majority of chains. FMI's membership represents 17,000 supermarkets in the States—about half the total.

"We don't use the DPP formula," says Duane Robelia, director of general merchandising for Fiesta Mart, Inc., a chain with 16 stores in the Houston area. "Most of our decisions are based on personal feelings," he explains. This attitude was common among many of the smaller chains contacted by FOLIO:.

DPP will most likely grow in use as the percentage of products that are delivered directly to the supermarkets increases. Today, one-third of supermarket products are delivered directly to a store, bypassing the need for warehousing. And this percentage is growing, says Hammonds. "One of the beauties of DPP is that it lets you see the profitability of direct delivery compared to warehousing. It gives a measurement of the warehouse and labor costs," he explains.

Several of the people who have presented the magazine DPP studies to convenience store and supermarket executives acknowledge that the information is now dated. It is difficult to open doors with a study that is two years old. The several trade associations involved in bringing the DPP message to retailers are hopeful that the information will be referred to in future general merchandise presentations.

> " DPP lets you see the profitability of direct delivery compared to warehousing."

For now, the MPA is focusing its efforts on discount department stores. A study has already been completed on one Target and one Venture store, and the results are making the rounds at Kmart, Caldor's and other stores. Presenting the DPP studies to this group should prove no easier, since DPP is an even less common measurement for discount department stores than it is for supermarkets.

Still, the Magazine Publishers of America, Magazine and Paperback Marketing Institute and Periodicals Institute are convinced that the DPP studies can only help the industry. A glimmer of hope can be found in the impact of a similar study done by Touche Ross in 1986 for the National Frozen Food Association. When Phipps, the Touche Ross executive on the project, presented the upbeat findings on frozen foods at an annual Food Marketing Institute convention, he was challenged on the relevance of the findings. A Kroger executive stood up during the presentation and came to Phipps's defense. Yes, the study had influenced them; and yes they had increased space. In 1987, the average space for frozen food casings was up 11.6 percent over 1985, the year before the DPP study was done for that industry. Perhaps magazines will fare as well.☐

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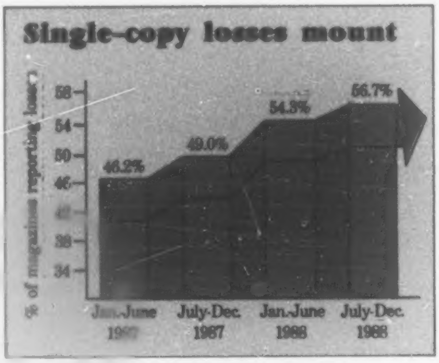

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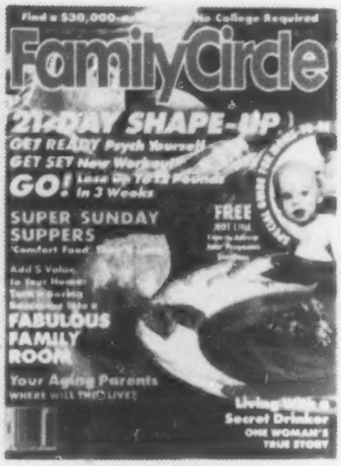

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UPDATE

Newsstand sales continue to slide

57% report drop in second half '88

■ *New York City*—There's little doubt as to the decade's most dramatic circulation trend: the fall of newsstand sales.

"The newsstand numbers are frightening," consultant E. Daniel Capell told a gathering of circulators earlier this year. "The decline is across the board, in all categories and sizes of magazines." During the past five years, he noted, unit sales of consumer magazines have declined 16 percent.

The second half of 1988 produced more of the same, according to a FOLIO: analysis of the Audit Bureau of Circulations' biannual Fas-Fax report. Of the 413 consumer titles reporting single-copy sales, only 179, or 43.3 percent, noted increases over the second half of 1987. (Still, the total number of copies sold—79.3 million—remained virtually the same.) This percentage of newsstand gainers has consistently declined since the first half of 1987.

"It's not that our magazines are becoming less attractive to consumers," notes Don Kummerfeld, president of the Magazine Publishers of America. "It's that less and less space is devoted to newsstand sales. We're getting more competition for that space from greeting cards, books and the like."

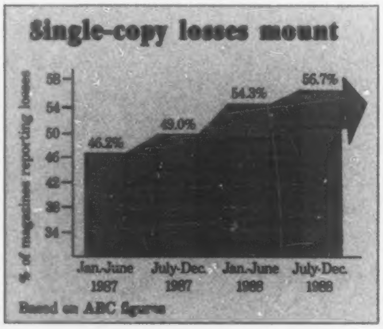
Top consumer titles by total circulation

Second half 1988

Modern Maturity	19,301,820
Reader's Digest	16,452,422
TV Guide	16,302,705
National Geographic	10,574,562
Better Homes and Gardens	8,143,083
Family Circle	5,922,530
Woman's Day	5,571,573
Good Housekeeping	5,217,147
McCall's	5,142,463
Ladies' Home Journal	5,086,714

Modern Maturity
Reader's Digest
SECRET TO A
TV
Better Homes and Gardens
A TOUCH OF SPRING FOR YOUR HOME

Once the undisputed leader, TV Guide ***has been bumped to third place, while*** Modern Maturity ***fast approaches 20 million circulation.***



***No end in sight** for the continuing slide of single-copy sales, although subscription gains add a bright note.*

Still, in subscription sales, 296 magazines, or 68.2 percent, posted gains. About 244.6 million subscription copies were sold, up from 239 million the previous year.

In total, 62.4 percent gained in overall circulation—roughly the same level as in the past few years.

AARP title increases lead

Modern Maturity, distributed to members of the American Association of Retired People (AARP), maintained the top spot acquired in the first half,

(CONTINUED ON PAGE 34)

McGraw-Hill fattens network

As ad dollars fade, McGraw-Hill looks to outside publications

■ *New York City*—McGraw-Hill is courting publications from other companies in order to draw new advertisers to its own diminished network of specialized business magazines.

When McGraw-Hill sold eight business titles in 1987-88, wary advertisers began pulling out of the network, taking 50 percent of the ad revenue with them. As a result, management opened the network to outside publishing companies in January; by March, it had more than tripled in size.

"It's brought back a major advertiser that left because of uncertainty," says David Metz, general manager of the management network, "and hung onto others who were nervous about what was going on here." Major advertisers include IBM and TWA.

Northwest Airlines, which had left the network, has since returned. "By the time [McGraw-Hill] finished selling [magazines], the network we were left with wasn't the one we purchased," says Don Morrison, associate media director for Saatchi & Saatchi Advertising, which handles the account. "[McGraw-Hill] agreed with us. They worked hard. They knew what the client's needs were. . . We were only too happy to go back into the network."

Metz, he says, expanded the net-

Newsstand sales fall

(CONTINUED FROM PAGE 21)

with 19,301,820 readers. Number two, *Reader's Digest*, lagged far behind at 16,452,422, followed by former leader *TV Guide* with 16,302,705.

TV Guide, however, is still the best seller on the newsstands, with per-issue sales of 7,475,000. Other checkout favorites continued to dominate single-copy sales: *Woman's Day* at 5,448,442, *Family Circle* at 4,376,658, *National Enquirer* at 3,830,095, and *Star* at 3,254,988.

Soap Opera Digest managed the greatest unit increase in newsstand sales—130,240 copies, to 857,357. Runner-up *Prevention* boosted its newsstand total by 103,010, to 323,619.

Apart from *Modern Maturity*'s gargantuan increase of 2,567,019 copies, *Family Circle* logged the best subscription gain—just under 400,000 copies. *Playboy* lifted its subscription sales by 275,048.

Video Marketplace doubled circulation to 127,885 to post the highest gain in overall sales. Other leading percentage gainers include *Parenting*, up 65.6 percent; *Utne Reader*, up 56.1 percent; *Guns*, up 49.0 percent; and *Golf Illustrated*, up 40.1 percent.

Fashion loses favor

The second half of 1988 was not kind to fashion titles. The top five—*Vogue, Glamour, Harper's Bazaar, Mademoiselle* and *Elle*—all declined in overall circulation.

Meanwhile, three of the seven sisters had modest overall gains: *Family Circle*, up 2.6 percent; *Better Homes and Gardens*, up 1.6 percent; and *Good Housekeeping*, up 0.3 percent. But *Woman's Day* and *Family Circle* achieved impressive subscriber gains.

Business magazines *Forbes*, *Fortune* and *Business Week*, were all up slightly in circulation. Also posting gains were *The Economist*, up 8.9 percent; *Entrepreneur*, up 39.4 percent; *Financial World*, up 28 percent; and *Sylvia Porter's Personal Finance Magazine*, up 25.1 percent.

But the picture was less sanguine for *Barron's*, down 16.3 percent, and *Changing Times*, down 24.2 percent.

Faring particularly well in general interest were *American Heritage*, up 12.8 percent; *Rolling Stone*, up 8.2 percent, and *Vanity Fair*, up 9.5 percent. *Smithsonian* boosted single-copy sales by 33.9 percent. But *National Enquirer* was down 3.2 percent, and *Reader's Digest* was down 0.7 percent.

Regional titles' circulation varied widely. *Detroit Monthly*, for example, increased overall circulation by 24.9 percent, while *Texas Monthly*'s circulation dropped 10.3 percent.

Only three of eight major shelter titles raised circulation: *Colonial Homes*, up 0.9 percent; *Country Living*, up 7.7 percent; and *House Beautiful*, up 6.3 percent.

Perhaps the healthiest circulation belonged to health magazines. *American Health* was up 7.1 percent, *Health*, 0.1 percent, *Prevention* 9.0 percent, *Shape* 2.6 percent, and *Hippocrates*, 17.9 percent.—*M.G.*

Are single-copy sales worth it?

New York City—"The issue of the 1990s will not be 'How do I reverse the newsstand sales decline for my magazine?' but 'Do I want to fight the battle at all?' " said circulation consultant E. Daniel Capell.

Forecasting the next decade's circulation trends, Capell pointed out that publishers will face rising costs of paper, printing and distribution, along with declining sales efficiency.

"We might see the day in the decade ahead when a significant number of traditional newsstand outlets become subscription vendors," he said.

How bad is the state of single-copy sales?

- In 10 years, single-copy sales dropped from 34 percent of audited circulation to 24 percent.
- *Family Circle, Penthouse, Woman's Day, TV Guide* and *Playboy* each lost one million sales per issue since 1982.
- Magazines with a moderate draw—250,000 to 500,000 copies per issue—have suffered a 26 percent sales loss since 1984.
- In the past five years, sell-through, excluding the top five sellers, has declined nine percentage points to 46.8 percent.
- Magazines that cut their draw by an average of 18 percent lost almost 30 percent of their average sale.
- *TV Guide, Family Circle* and *Woman's Day* account for almost 30 percent of total industry sales volume. The top 20 sellers represent over 70 percent of all single-copy sales.

"Wholesalers' and national distributors' energies have become increasingly concentrated on the handful of titles that produce most of their income," said Capell.—*M.G.*

Time/Warner merger

(CONTINUED FROM PAGE 22)

the two companies' distribution services, says single-copy consultant Ron Scott. Warner Publishing Services, he points out, distributes hundreds of titles owned by other companies; Time Distributor Services, a joint venture with *The New York Times*, distributes only titles published by the two partners. "It would be a complex and tricky merger," he says. Besides the differences in techniques, he says, the two may well handle rival publications.

On the positive side, the creation of the world's largest media company may provide more clout and cash for overseas expansion. Last December, *Time* tested a new picture magazine, *Match*, in five major European cities, and in April, a 50,000-circulation *Fortune* will make its debut in Italy.

Warner, so far, contributes little to the magazine market, outside of publishing *Mad* and DC Comics. But it recently expanded with its 20 percent equity purchase in Horizon Communications, publishers of *VISTA*, the Hispanic weekly. Meanwhile, Whittle Communications, of which Time owns half, is embarking on a Hispanic project of its own.

Still, the two companies intend to keep their operations largely separate. Warner's chief executive, Steven J. Ross, and Time's chief executive, J. Richard Munro, will serve as co-chief executives. Initial plans call for consolidation of Time's cable unit with Warner Cable; and Warner's small publishing unit will be folded into Time's book groups.—*Jan Jaben*

Circle no. 72 for more information ►

Fair economic picture won't boost magazines

Publishers will have to adjust to slow growth, says economist

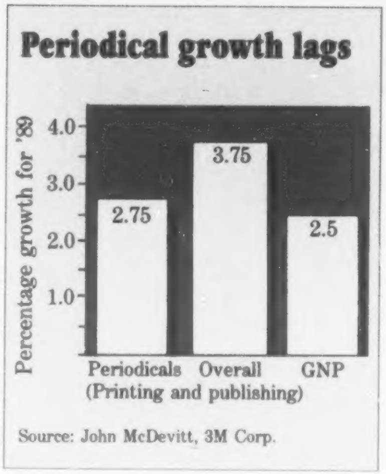
San Juan, Puerto Rico—The rest of this year promises slow but steady growth for the economy—particularly on the manufacturing side—but don't expect more than a so-so year for magazine advertising, says John J. McDevitt, corporate economist for 3M Corporation.

Overall, manufacturing output grew about 5.5 percent last year, and will slow to a still-respectable 3.9 percent this year, McDevitt told business publishers at the winter meeting of the Association of Area Business Publishers. But a recession isn't in sight, he says, "because we're now an export-oriented economy." Fully half of last year's productivity growth, he claims, is due to exports; and that picture will continue to brighten as the dollar declines abroad and as consumer spending grows faster overseas than here.

But the stronger growth in industry won't automatically translate to an equivalent growth in print ad expenditures, he warns. "As manufacturing growth remains high, so will advertising," he says, "but the share of advertising in print will decline from about 52 percent to 50 percent."

One reason, he says, is that industry is keeping a wary eye on the possible changes in ad deductibility. "If [Congress] allows 80 percent of the costs to be deducted [instead of 100 percent], obviously, there may be changes in total advertising expenditure and the composition of spending." That, he says, could translate into more point-of-purchase spending and sponsorships, as well as growth in other nonprint promotions. And, he says, although no law changes are expected this year, "certainly by 1990 there will probably be some changes in deductibility, and 80 percent seems to be an interesting number to look at."

As for this year, however, publishers should look for ad sales opportunities in the second half, due to an expected industry slowdown during the later months. "If industries don't meet their sales forecasts," he says, "they'll be increasing ad dollars to shake loose consumer spending in the second half."



***Strong growth in books and cards** will push overall printing and publishing ahead of periodicals.*

Overall, McDevitt notes, the printing and publishing industry will grow faster this year than the Gross National Product—about 3.75 percent, close to the same rate expected for manufacturing. But the fastest growth will be among books and greeting cards; periodicals are expected to grow only 2.75 percent.

"Certainly, slower [overall economic] growth in '89 will mean slower spending for advertising," says McDevitt. "But if you take a look at short-term growth—over the next five years—periodicals should be moving at the same level of industrial production, close to 3 percent."

In addition, he says, magazines will still grow faster than the GNP, which McDevitt expects to rise 2.5 percent this year. Trade and technical titles, in particular, are fueling growth by exporting themselves overseas, he notes. "The U.S. has become a major source of leading-edge technology, and if individuals [abroad] want to maintain knowledge of technology, they will get it through U.S. publications."

In all, he says, "there's no recession, but there's no boom either. Growth will be about 2.5 percent for the U.S., 3 percent outside the U.S. We will all have to learn to manage businesses in a slow-growth economy."

To keep growing, he adds, publishers will need a "constant interjection of new periodicals, or new sections within a periodical, to reflect the changing needs of their audiences. Magazines should be looking for new needs of their readers and finding new applications for existing sections."—*D.C.*

Copy veteran advises on copywriting that sells

Start thinking like your prospect, states copywriter who helped launch 24 titles

New York City—Copywriting, notes successful freelance magazine copywriter Bill Jayme, "is the ability to get out of your own mind and into somebody else's. Actors have it. So do psychiatrists, teachers and mediums. Look for it in the copywriters you hire and in their copy."

Jayme, who has helped launch over two dozen magazines in the last 15 years, including *Bon Appetit*, *New York* and *Food & Wine*, offered the following observations during the recent Circulation Day in New York:

- Outer envelopes sell. A well-de-

LITY
GGER
UNNIT

Good copy should "think," look and sound like the product you're marketing, says Bill Jayme.

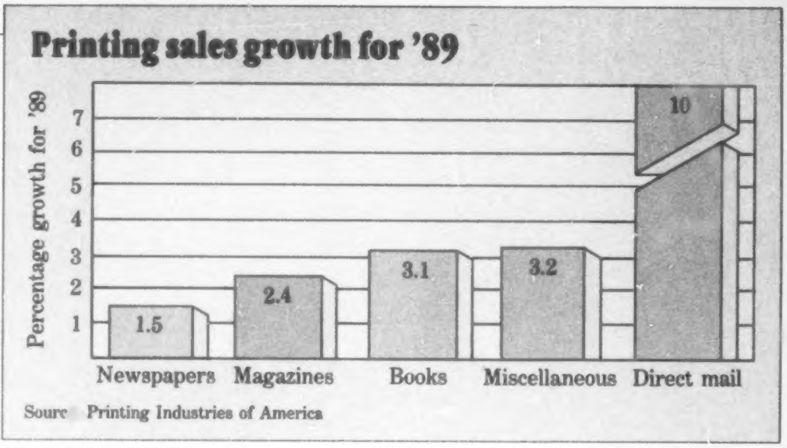
Magazine printers expect slow year

Arlington, Va.—Magazine printing sales will lag slightly behind overall national economic growth for 1989, according to the predictions of the Printing Industries of America (PIA).

Printing sales to the publishing industry in general will climb 2.2 percent, compared to the 2.5 percent growth rate expected for this year's Gross National Product, according to Ron Davis, PIA's chief economist and research director. Magazine printing sales will increase 2.4 percent, from $18.6 billion in 1988 to $19.5 billion this year.

This reflects the printing industry's less-than-optimistic expectations for growth within the magazine business itself. "The magazine publishing industry grew fairly rapidly the last few years," says Davis. "It's difficult to get venture capital to start new magazines these days. The industry is still going to grow, but not as much as it has been."

Printing sales growth for '89



Sourc Printing Industries of America

***Direct mail printing sales growth** will tower over all other printing sales growth, reaching about $50 billion this year.*

Newspaper printing sales are expected to be even more sluggish, at 1.5 percent. Davis reasons that the newspaper industry is mature and that advertising and circulation figures have remained, on average, stagnant for several few years.

Meanwhile, book printing sales are expected to grow 3.1 percent and miscellaneous publishing sales (journals and small newsletters) should increase 3.2 percent.

The boom will be in commercial printing sales, including direct mail, which should increase by more than 10 percent to about $50 billion for 1989, according to PIA predictions.

The figures have been adjusted for price increases based on the PIA's estimate for economic growth.

The PIA also expects over-capacity in the printing industry to continue.—*K.S.*

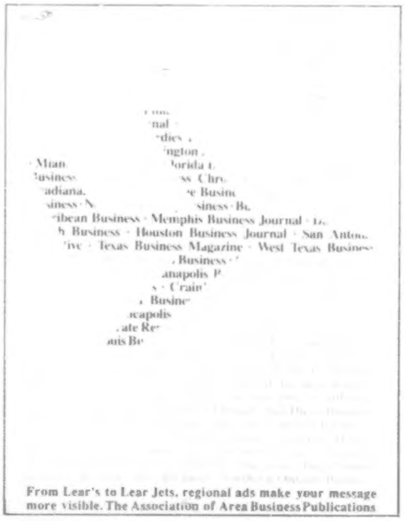
Regional publishers start ad campaign

Washington, D.C.—The Association of Area Business Publications (AABP) is embarking on its largest campaign yet to promote its 94 regional member titles to national advertisers.

The group has put together full-page ads to run in *Adweek* and *Advertising Age*, as well as in space donated by member publications. Each ad shows a silhouette of a watch, jet or telephone, set against a backdrop of the names of AABP member titles. "From Rolexes to Rolodexes," reads one tagline, "regional ads make your message more visible."

The campaign will run in the spring and fall, "to make a strong impact at the right time," says a spokesperson. "We want to hit at the time when people do their spring and fall planning." The ads were created by New York agency Goldsmith, Jeffrey.

A brochure will also be spun off from the ad campaign, featuring the full list of AABP members and their rates, demographics of regional business subscribers, and a list of national advertisers. The brochure will be mailed to the AABP agency list, and will also be available to member titles.



From Lear's to Lear Jets, regional ads make your message more visible. The Association of Area Business Publications

***AABP trade ads** will run just as media buyers begin seasonal planning.*

To give its members greater publicity, the association is also considering the creation of a public relations service, designed to place articles from member publications on national or regional newswires. A news story from a New Jersey magazine, for example, could be released through the AABP to radio stations and newswires in the New York, New Jersey and Connecticut tri-state area.

"There is a direct correlation between this kind of service and mentions [in the press]," says Gloria Scoby, publisher of *Crain's Chicago Business* and AABP vice president of marketing. "*Crain's New York Business* never had mentions until it hired a PR guy to send the stories to the wires or stations." Some radio stations, she notes, now expect and wait for *Crain's* stories to appear on the newswire.

To use the service, members would send stories to the AABP's publicity person, who would place them on the wire. The cost, which might range from $120 to $140 per story, would be split between the publisher and the AABP, Scoby says.

"This would have tremendous value," says AABP executive director Lewis Conn. "In the past, we had made some efforts at public relations to elevate the association itself, but we didn't feel it was cost-effective."

The AABP's board of directors, he adds, will further discuss the service during its spring meeting.—*D.C.*

WALTER JOYCE ON PROMOTION

Moving up with the times

Market pressures have created opportunities for promotion directors willing to become leaders, 'intrapreneurs' and aggressive salespeople

A few months back, a conclave of some 20 sales support people listened glassy eyed to a lecture on ad rates as a strategic promotion weapon.

At the end, the lecturer asked how many of the attendees were actually involved in rate setting. Three hands went up.

He asked how many wanted to be. Three hands went up.

Hey folks! The train is leaving and you're not on it.

The pressures of today's marketplace have defined new opportunities in the sales support areas creating new job descriptions, greater responsibilities and bigger paychecks for promotion people.

The new title and function is Marketing Director, and—at its most elevated status—represents a peer relationship with the ad director and a place at the right hand of the publisher.

Originally, this job evolved from sales management's frustration with the inability or unwillingness of promotion people to fulfill their sales service function. It gathered within its domain all the tactical sales weaponry, including applied research, presentation development and target selling. The chair was often occupied by an ex-sales manager on his way up or way out.

More recently, Time Inc. has used the assignment as a post-post graduate school for MBAs and other groomees on the theory that intelligence and professional discipline outweigh experience as job prerequisites.

But the new news is that people with sales support backgrounds are now filling more of these jobs and taking a proactive role in shaping their magazine's advertising marketing policies.

In a large sense, the market has created the opportunity. In response to intense competitive pressure, publishers really have three points of leverage—ad rates, positions and merchandising. They are content to leave position packages in the hands of street salespeople, but they recognize the strategic nature of rate setting and "added value" programs, and are asking for more carefully developed, long range thinking.

Rates are the most critical consideration. Off-card deals and lowest-bidder competitions have devastated once substantial profit margins. Sometimes it seems publishers are selling pages at a loss, hoping to make it up in volume. But they also recognize the desperate need to shore up revenue per page—and the need to regain control of their own destinies.

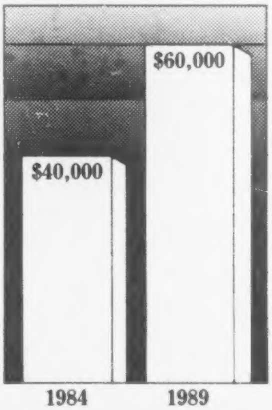
Promotion/marketing to the rescue

Traditionally, magazine rates have been set by the ad director with a simple, across the board percent increase determined by calling around and seeing what the other guys were going to do. The percentage tended to fall toward the lowest common denominator.

That was then—this is now. Stronger books can help themselves to bigger servings—and that has happened this year. And all publishers can look inside their cards for revenue enhancement opportunities.

The marketing director's role is to replace yesterday's simplistic approach to rate setting with a rational, information-based, long-view strategy. The first step is a description of the magazine's advertising configuration: How many of each unit in each coloration at each discount level are now in the advertising mix and what revenue

Bigger paychecks for sales support people



***Just a few years ago,** the once prestigious promotion function had fallen to a totally service staus: Promotion managers got about $40,000 a year. The good news is that senior salaries are now $60,000 and more.*

Walter Joyce is a consultant to publishers in the areas of marketing and promotion. Joyce had been senior vice president for promotion at Playboy, *and has served as promotion director of* The Saturday Evening Post, Psychology Today, Careers Today *and* Fortune.

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does each produce? With this data, computerized, it is a simple matter to play out the "what if?" options for every space unit and instantly record the bottom line impact. McNamee Consulting in New York has a simple computer model for this process, and there are certainly others available.

Better positioned

The marketing director's somewhat detached perspective is valuable to his publisher. The marketing director is better positioned to understand that rate incentives are not customer rewards, but are devices to encourage behavior the publisher wants, and to design them accordingly. The marketing director, not having to listen to advertiser screams of anguish and anger, is better able to insist on the highest feasible rate increases, knowing that a rate hike not taken is forever lost and its negative effect compounded every year into the future. More is always better.

The most successful sales support people will be those who have successfully immersed themselves in advertising rate structures and rate strategies and so become the publisher's closest adviser where it matters most—at the point where the money comes in. And they will also develop a sensitivity to the real world of the street where salespeople live.

If rate strategies are one leverage point at which support people can play a major role, merchandising—"added value" programs—are even closer to home.

> "The marketing director, not having to listen to screams of anguish and anger, is better able to insist on the highest feasible rate increases."

More and more advertisers are asking, "What else are you going to do for me?" Some still mean, "How many television sets do I get?" That's bribery. But increasingly, and happily, many mean, "What value can you add to our advertising in your magazine to intensify its impact?" That's merchandising.

Promotion people must be the keeper of the keys. But it's not enough to say "no" to television sets. Promotion people must be the proponents of merchandising, the generators of ideas, the creators and executors of merchandising programs.

An effective merchandising program also requires that promotion people learn to sell. They must sell the value of legitimate merchandising to their own sales staff. They must persuade salespeople that they are a valuable asset on client calls, that they add a dimension of expertise that reinforces the decision to buy.

This new role requires the building of sales skills, the most important of which is the ability to listen well. The first call is devoted to gathering information:

- What are the advertiser's merchandising objectives?
- What is the target audience?
- What are the time frames?
- What are the legal considerations?
- Will the advertiser provide additional funding?

The promotion person will then put on a creative hat to develop a tailored program that, hopefully, puts together already existing elements in an innovative manner (don't reinvent the wheel every time out).

The second call is the sell-in to the program. And then comes client service. Communicate, communicate, communicate. To the client. With your own salespeople. Sell your success.

Mastery of sales skills puts promotion people on a whole new level and substantially increases their cash value.

All the new skills also come into play in another area of growing importance and opportunity. Promotion people can take the lead role in creating, packaging, pricing and selling account specific special sections and other print spectaculars. Sometimes the impetus will come from the client—witness Carillon Ltd.'s carols and snowflakes for Absolut. But, for Grand Marnier, also out of Carillon, *Food & Wine*'s marketing department created a 24-page section with a scent strip and a bottle pop-up.

Promotion people must also assume a leadership role in the marketing direction of their properties. The key to a proactive leadership role is the development of marketing plans to which all parties subscribe. Any deviation must then be defended in the context of the plan's objectives.

Usually, the plan will have two basic parts—a sales plan with category by category page goals and a promotion plan that parallels and supports the sales plan.

Some sales managements resist the planning process or give it the back of their hands. Their notion of an objective is x number of pages. If that really were the objective, then the obvious strategy would be to reduce ad rates to $1 a page or less—you'll get all the volume you can handle.

Promotion people are positioned for the longer view. Unpressured by quotas and weekly or monthly closing dates, they can set down the strategic objectives from which tactical goals—*i.e.*, pages, will naturally result. Their relative detachment better equips good promotion people to articulate their magazine's positioning, point its directions and allocate its resources.

It's work. It demands zero base thinking. It forces promotion people to see themselves as carpenters rather than decorators.

Planning is essential for effective management, but has a personal payoff for support people as well. Once a marketing plan is down hard and fast on paper with dollars specifically allocated, the threat of frustrating and destructive budget diversions is reduced. Support people can then have more control over the destinies of their programs.

> "Some sales managements resist the planning process or give it the back of their hands."

But it won't happen by itself. To be taken seriously as the shapers of sales strategy, people must redefine themselves as leaders, as "intrapreneurs," as aggressive salespeople of their own programs. The payoff is a higher hierarchal rank and greater job satisfaction.

And more money.

Sales support salaries are currently on the rise. Just a few years ago, the once prestigious promotion function had fallen to a reactive, totally service (read "servant") status. Promotion managers, who weren't really managers, got about $40,000 a year. The good news is that senior salaries are now $60,000 and more.

Maybe more significantly, promotion directors and marketing directors often now qualify for performance bonuses, usually an override on overall sales performance. This represents management recognition of promotion's proactive contribution to the sales effort.

The rewards are going to those who have developed the skills to justify them, those who recognize that the closer they stand to where the money comes in, the more of it will stick to their own fingers.

Who wants more money? Let's see those hands.☐

TECH TRENDS – Covering desktop & pre-press advances in magazine publishing.

The May issue of FOLIO: will start a monthly peek into the very near future to see how work patterns will change as a result of desktop publishing and pre-press technology. As magazines throughout the industry adopt this powerful tool, the question of whether one should buy a desktop publishing system shifts to which system to embrace, and what software to buy.

Also coming in the May issue is...

- Literature Showcase
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Business press hits the ad page wall

The data on the business press chart a dangerous trend. Revenues are up, but pages are flat. Business magazines with growing page counts are most likely increasing market share at another magazine's expense. Have we run out of pages to be gained? Learn what experts in publishing have to say, and see, via extensive charts, what has been happening to pages and revenues, market by market, over the last three years. **112**

STEPHEN TURK

MOTHER JONES
MediaWatch Issue
CINDY CHARLES

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Andy Warhol

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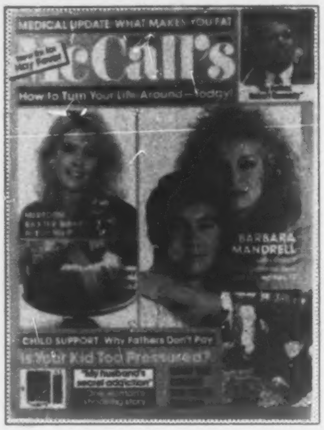
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- ***13.8% Professional/Managerial***
- ***72.2% Homeowners***
- ***63% Married***
- ***43.5% Children Under 18***
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- ***$35,518 Median HI***
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- ***32.7 Median Age***
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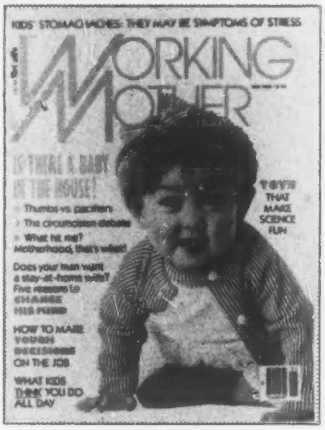
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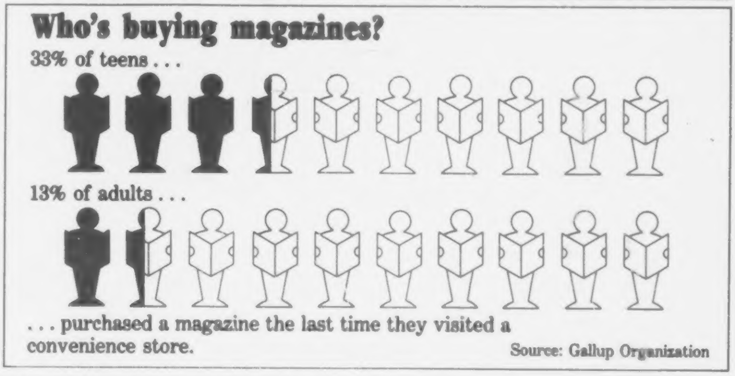
Revealed: Why teens hang out at 7-Eleven



Source: Gallup Organization

***More adults than teens** frequent convenience stores, but teens seem to be more loyal magazine buyers.*

■ *West Caldwell, N.J.*—One in three teens bought a magazine the last time they were in a convenience store, according to a recent month-long survey conducted by the Gallup Organization.

Moreover, 65 percent of teenagers bought a magazine during the month of the study (February 1988), Gallup states. The average teen bought three magazines during that span.

And it's not just the *Tiger Beat* genre that sells. More than one in 10 teenagers bought more popular sports and fashion magazines.

"Teens are a viable market in convenience stores," says Jack Fitzmaurice, publisher of *Periodicals Merchandiser*. "The amount of money they have to spend in convenience stores and even in supermarkets has grown. Teens have a large amount of discretionary money at their disposal, with [both parents] working."

Both publishers and magazine distributors, he notes, should make stronger efforts to capitalize on teens' buying habits.

The survey, however, wasn't detailed enough to convince convenience store operators to change their displays, according to single-copy consultant Fred Ward, president, FJW, Inc. Store owners, he says, would need more information about the amount of money teenagers spent on other products in relation to magazines.

The same study also reveals that 13 percent of all adults bought a magazine the last time they were in a convenience store; 31 percent purchased a copy during the month. The percentage of magazine buyers is lower, Fitzmaurice explains, because a greater volume of adults frequent the stores.—*K.S.*

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American Express Publishing Corp. The category is also being challenged with the entry of *Fame*, notes Smith. It makes perfect sense for *Interview* to reshape its identity, she adds.

Remembering Andy

The current *Interview* team is confident it can orchestrate a turnaround. For starters, in early 1989 the magazine dropped its first direct mail package in two years, a 500,000-piece effort. A similar mailing is scheduled for midyear, says Lucy Lustig-Curtis, circulation and business director. So, too, has the magazine's look changed. Covers, for example, have gone from Warhol-like illustrations of famous faces to photographic portraits—though no less striking than their predecessors.

But getting back on track has been difficult for the *Interview* crew, many of whom have been with the magazine for years, and who remember Andy fondly. Certainly Warhol's presence had a lot to do with the fortunes of the magazine. "He was a big help in selling ads," recalls Paige Powell, advertising and promotion director. "He would entertain. We always did daily lunches and had dinners with advertisers three or four nights a week. They were very small gatherings," she explains.

After Warhol's death in 1987 there was talk that the magazine would have to be sold to settle part of Warhol's estate. "That is rubbish," retorts publisher Fred Hughes, a part of Warhol's circle for 25 years.

Still, the perception hurt the magazine for at least a year. "Our competitors would see us on a sales call and say: 'We hear that your magazine is folding, that it is for sale,' " recalls Powell. "They were trying to convince the agency people to go with their magazines."

Interview management reportedly inquired on the magazine's worth shortly after Warhol's death, according to sources. One estimate was $10 million. The management team continues to deny that the magazine is up for sale.

Would Warhol approve?

Staffers believe that Warhol would approve of *Interview*'s new slant. "Andy was about evolving and having things evolve," says Powell. "The change of direction is really good. People are more sophisticated now. They are more into literature than the disco generation was. This is not to say that we've lost a sense of humor. Now we show a beautiful face, or maybe a face that isn't beautiful," she says.

Not all *Interview* staffers speak so openly about the new direction. For example, Hughes still likes to identify the magazine as a "nonconformist conspiracy," and plays down the notion that the magazine has been reshaped.

Yet editorial has clearly moved away from the Warhol signature—the Warhol interview style, which some saw as clever and observant, others as self-indulgent chatter. And even if the magazine fails to win back advertisers and readers, many of the magazine's publishing peers believe it is heading in the right direction. Kurt Andersen, co-editor of *Spy* and screening panel member for the National Magazine Awards, gives the new editorial thrust high marks. "In the early '80s the magazine was getting more and more parochial. I read three recent issues and was pleasantly surprised," he concludes. "The editorial was intelligent and energetic."—*J.M.A.*

A new trip for *Traveler*

Shaking up the old guard at the Society has raised competition in the travel field again

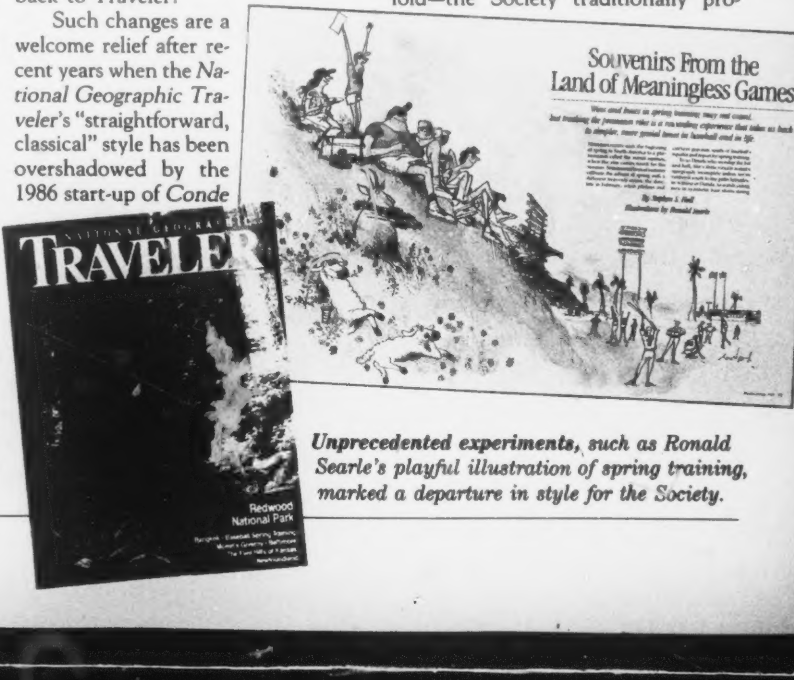
■ *Washington, D.C.*—Foreign cultures are nothing new for travel magazines. But for the *National Geographic Traveler*, a bit of culture shock is being felt at home.

A significant circulation decline forced changes at *National Geographic Traveler*, which have begun to show results. It hired a new editor, who orchestrated a facelift. It increased its frequency, raised subscription prices, and added two new international editions. Advertising for the March/April issue is up, sparking hope that readers will notice the changes as well and come back to *Traveler*.

Such changes are a welcome relief after recent years when the *National Geographic Traveler*'s "straightforward, classical" style has been overshadowed by the 1986 start-up of *Conde Nast's Traveler*, known early on for articles that provoked advertisers and an innovative introduction under editor in chief Harold Evans that shook up the travel magazine field.

Having published its travel title since 1984, the National Geographic Society sued Conde Nast over rights to the name "Traveler," but the court ruled in 1988 that the two competing magazines in fact have different names, *Conde Nast Traveler* and *National Geographic Traveler*. Meanwhile, circulation at the *National Geographic Traveler* slipped from around one million three years ago to the current average paid circulation of 809,000.

That inspired Robert L. Breeden, the Society's senior vice president, publications and educational media, to do something unusual: Last June he hired a new editorial director, Richard Busch, from outside the Geographic fold—the Society traditionally pro-



***Unprecedented experiments**, such as Ronald Searle's playful illustration of spring training, marked a departure in style for the Society.*

Travel titles looking to reshuffle the numbers

	Ad pages (PIB)	Ad revenue (PIB in millions)	Circulation (ABC in thousands)
Conde Nast's Traveler (monthly)	629	13.1	753
European Travel & Life (monthly)	474	7.7	288
Nat'l Geographic Traveler (quarterly)	144	3.3	797
Travel & Leisure (monthly)	1,413	44.8	1,126

1988 figures; circulation figures 12/31/88

***Ad revenues were up** in 1988 for all four magazines, but circulation was down at the two* Travelers. *Conde Nast hit extremes in both directions.*

motes from within. What's more, Busch had spent the previous nine years as editor of *USAir*, an airline magazine serving a younger, business-oriented audience, with an editorial budget much smaller than any of the Geographic's four magazines.

Busch ran into conflicts immediately. Breeden had chosen not to fire the existing editor, Joan Tapper, but she quickly left to edit *Islands* magazine. Illustrations director David Bridge left as well.

Adding to the stress was adjusting to the Society's corporate culture, which included a reluctance to fire anyone, and a certain rigidity about changing editorial plans if stories weren't worth the space allotted. A penchant for research led to 10 full-time regional editor/researchers working on *Traveler* when it was quarterly. The luxurious editorial budget eclipsed cost-consciousness. "At editorial meetings people would ask, 'Should we send the photographer back to Alaska to get the bear picture?' " says Busch. "It wasn't often asked, 'Is it worth it?' "

That culture accounted for some of the problems Busch was hired to fix. The magazine had an "old-fashioned stodgy feel to it," says Busch. "Mostly that had to do with being crowded visually. It felt like the goal was to cram as much space and text in as possible. The magazine also lacked a sense of variety and pace."

Busch, who had spent seven years with *Popular Photography* and before that, several years with *Life*, has placed great emphasis on design, particularly with the January issue, the first bimonthly issue and the first created under his sole editorship. That issue featured a bolder cover logo, fewer pages in the old three-column format, more white space, greater variety in the lengths of stories, and a design that "when you turn the page, you don't feel like you've seen that layout before," he says.

Other changes include a sub price hike, up $2 per year to $17.95. Two new columns on money and photography appeared with the March/April issue. A German edition was launched in February and a Spanish edition in April, in addition to the existing Italian version, published since 1987.

Such changes appear to be paying off. The March/April issue brought in $1.1 million in advertising revenue, the largest single-issue total in *Traveler*'s five years. Total ad pages rose to 51, an 18 percent increase over the year before and the highest count since the magazine's first year.

Publishers Information Bureau figures show 1988 ad revenues rose 15 percent over 1987, from $2.9 million to $3.3 million. Ad pages were up slightly, rising 1.7 percent to 144.5.

On its own track

Busch claims he's not concerned about Conde Nast's glitzy style: "National Geographic is on its own track," he says. "We're more mainstream. A little older, more conservative, with a straightforward, classical approach."

Busch compares his magazine more closely with American Express Publishing Corp.'s *Travel & Leisure*, the field's leader according to at least one other editor at a competing magazine. Both "are more focused on travelers who are older people," says Busch. "They're the ones who have time to travel, empty nesters who don't have kids to bring up and educate anymore."—*M.H.*

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Hitting the ad page wall

Business press revenues are growing, but pages are not. Can the industry recoup the ad page growth of yesteryear?

JEAN MARIE ANGELO
SENIOR EDITOR

The data on the business press chart a dangerous trend. Revenues are up, but pages are flat. Business magazines with page counts that are growing are most likely increasing market share at another title's expense. Have we run out of pages to be gained? It is a scary question, with no simple answers.

The business press leaders are perhaps "myopic," says an executive at a major business publishing company who prefers to remain anonymous. "What is happening in the business press today is almost like what happened in the American steel industry. Salespeople were told to go out and sell against other plants, when the actual competition was the plastics industry and the Japanese," says this source. "Publishers are so competitive amongst themselves that they are not seeing other ways of generating revenue. The industries are screaming to the business press: 'You have to change or you are going to die.'

"It is easy to blame the problem on rate negotiation and leave it at that. But what is rate negotiation saying? It is saying we are competing against other magazines. Cutting them down. We have to say, 'Our competition is trade shows and telemarketing.' "

Complicating the problem of identifying the competition, some consumer magazines are coming after business press dollars. Witness what has happened in the office products industry.

Today, office products generate $100 billion annually, up from $40 billion in 1985. Yet business magazines in this field are losing advertising pages to the general business titles—*Forbes, Fortune* and *Business Week*. Although the office products business has been booming, the cumulative total of advertising pages for three of the office products titles was down 21 percent in 1988, compared to 1985.

For foreign companies, it is a problem of image. Foreign companies are now an important component in the U.S. business world, says an executive for a vertical office products title. Most office products hardware—calculators, copy machines and facsimile units—are produced by Japanese companies. "Prestige and image are important to the Japanese. Even though our magazine may generate more responses for them, we don't have the glamour of a *Forbes* or a *Fortune*. This is a shortsighted philosophy. If pages dry up for the business titles, then titles will fold and there will be less coverage of these products. The loss of editorial will impact everyone else. Maybe we haven't done as good a job at selling our benefits," she says.

"If McDonald's were selling fewer hamburgers, you can bet they'd be worried," says a business press consultant.

The experience of this one business magazine market reflects a problem pervading the industry at large. "The business press field is a mature market," says Arthur Rosenfield, president of Business Development Group, a consulting firm that has conducted a sweeping study of the business press. "Our advertisers are just paying more for the same goods," he says. "If McDonald's were selling fewer hamburgers, you can bet they would be worried."

Rosenfield has analyzed select magazines listed in 140 of the categories that are part of the Standard Rate & Data Service's (SRDS) business directory. The statistics quoted in this article focus on the top 79 markets. The analysis is by no means all-inclusive. Several large categories—entertainment, for example—are not evaluated. Other categories, such as medical, are only marginally represented. And the totals of pages and revenues are compilations of figures supplied by Patterson Advertising Reports, C-Systems, Rome Reports, Gallagher Reports and miscellaneous sources. Still, the study, which tracks the ad pages and estimated revenues for 516 magazines (by and large the top titles in their categories), reveals overall trends.

Although ad revenues for these 516 magazines have grown from $2.177 billion in 1985 to $2.603 billion in 1988, pages have dipped. The page total was 431,350 in 1988, down from 482,173 in 1985, notes Rosenfield.

The net result is that publishers are making more gross revenue per ad page, an average yield of $6,034 in 1988. This compares to a yield of $4,515 in 1985.

Part of the page loss can be attributed to the merger and acquisition climate of today's economy.

Although much of the revenue growth in the business press is attributed to the data/computer titles, SRDS category 5A, other sources generally support Rosenfield's conclusions. (Without including these computer magazines in the mix, revenues for the magazines that Rosenfield analyzed drop to $1.948 billion for 1988. Ad pages come to 361,943 for the year.)

ABP estimate

The Association of Business Publishers (ABP) issues its own estimates of all the U.S.-based business magazines that have at least a quarterly frequency: a total of 2,725. Ad pages came to 1,845 million in 1987, down slightly from the previous year. Ad revenues, however, grew by a healthy 10 percent in 1987, for a total of $3.5 billion. What is more disturbing is the growth rate of pages versus revenues during the

Magazine categories ranked by 1985-1988

Markets	No. of magazines tracked	1985 ad pages	1986 ad pages	1987 ad pages	1988 ad pages
Automatic data systems	47	67,027	68,399	74,017	69,407
Building	9	5,960	5,344	6,558	7,165
Hotels/motels/clubs/resorts	4	2,940	3,380	3,722	3,750
Pollution control	3	1,572	1,797	1,924	2,192
Industrial purchasing	1	1,219	1,868	1,730	1,764
Restaurants & food service	15	19,329	19,410	19,600	19,086
Food processing & distribution	8	5,168	5,074	5,547	5,518
Plastics & composition products	7	3,791	3,712	3,725	4,124
Journalism & publishing	1	927	925	1,107	1,237
Rental & leasing equipment	2	1,147	1,328	1,168	1,446
Packaging mfrs./paperboard/ wood boxes/barrels	4	2,587	2,747	2,596	2,866
Engineering & construction	14	11,173	12,102	12,008	11,442
Security	2	1,631	1,923	2,101	1,881
Photographic	4	1,188	1,354	1,548	1,427
Stone products	2	901	926	975	1,121
Furniture & upholstery	3	3,099	3,233	2,946	3,298
Paper	4	2,484	2,995	2,154	2,662
Hardware	3	2,809	2,841	2,726	2,977
Motion/talk/sound/ commericial pictures	2	1,072	1,026	1,228	1,217
Water supply & sewage	6	1,947	2,035	1,723	2,024
Materials	1	544	501	460	613
Power transmission components & systems	1	976	662	475	987
Travel business conventions & meetings	8	7,361	7,623	7,642	7,371
Industrial	2	1,465	1,556	1,480	1,438
Industrial distribution	1	1,082	957	813	1,027
Appliances	2	1,209	1,210	900	1,126
Dairy products	1	784	777	859	685
Welding	3	1,819	1,846	1,798	1,689
Maintenance	6	3,159	3,170	3,268	3,016
Materials handling & distribution	1	295	129	148	151
Architecture	4	5,100	4,568	4,914	4,949
Plant engineering/facilities maintenance/operations	6	4,614	3,774	3,385	4,462
Safety/accident prevention	3	1,409	1,400	1,445	1,254
Government & public works	6	3,415	2,891	2,890	3,236
Railroad	4	1,926	1,652	1,398	1,725
Military & naval	1	366	344	315	156
Transportation/shipping/traffic	3	1,539	1,565	1,446	1,323
Building products	3	4,135	3,813	3,976	3,913
Power & power plants	3	1,824	1,610	1,271	1,569
Building management & real estate	3	2,194	2,003	2,020	1,930
Motor trucks & accessories	10	7,833	7,293	7,244	7,546
Maritime/marine/shipbuilding/ repair & operations	2	868	702	602	572
Aviation & aerospace	14	8,727	8,445	8,050	8,406
Fluid power systems	1	1,089	934	1,085	724
Business	3	2,054	2,123	1,876	1,685
Medical & surgical	2	3,328	3,541	3,224	2,903
Rubber	3	1,274	909	886	843
Drugs/pharmaceutics	6	4,828	4,896	4,723	4,394
Landscape/garden supplies	4	2,246	1,847	1,806	1,808
Office equip. & stationery	3	2,109	1,925	1,883	1,667
Chain stores	2	2,548	2,106	1,851	2,108
Packaging (users)	3	3,526	2,471	2,629	3,068
Bottling	2	1,601	1,132	1,121	1,126
Product design engineering	5	5,340	4,878	4,917	4,862
Printing & printing process	6	5,222	4,586	4,564	4,711
Discount marketing	3	2,380	2,046	2,009	1,827

***These 79 business magazine categories**, shown here and on the following two pages, lost a cumulative total of approximately 50,000 advertising pages from 1985 to 1988. However, advertising revenues for these top 79 markets grew 3.75 percent. These markets, which reflect 516 magazines measured, are bringing in more advertising dollars per ad page. Advertising revenue per page is up an average of 33.64 percent for these markets. The data in this chart and*

page growth

Page growth 1985-1988	% page growth 1985-1988	1985 dollars	1988 dollars	% dollar growth 1985-1988	Average revenue per ad page—1985	Average revenue per ad page—1988	% growth in average revenue per ad page
2,380	3.55%	$423,401,574	$654,889,512	50.17%	$6,317	$9,436	49.37%
1,205	20.22	36,005,296	61,500,616	70.81	6,041	8,583	42.08
810	27.54	9,507,055	16,953,345	78.32	3,234	4,521	39.82
620	39.47	3,841,485	7,035,686	83.15	2,444	3,209	31.32
545	44.77	7,871,445	13,043,000	65.70	6,460	7,394	14.46
357	1.85	113,714,970	142,826,958	26.29	5,863	7,255	23.32
345	6.68	17,356,560	22,056,140	27.08	3,358	4,001	19.12
333	8.78	17,356,290	24,066,548	38.66	4,578	5,835	27.47
310	33.44	2,762,866	4,677,608	69.30	2,980	3,781	26.87
299	26.08	1,852,275	2,847,222	53.71	1,615	1,969	21.92
279	10.77	6,576,115	9,814,281	49.24	2,542	3,425	34.73
269	2.41	33,211,471	39,943,913	20.27	2,973	3,491	17.44
250	15.34	3,667,832	5,807,160	58.33	2,249	3,087	37.27
239	20.16	4,176,889	5,579,484	33.58	3,517	3,910	11.17
220	24.43	2,733,015	3,976,884	45.51	3,034	3,548	16.94
199	6.43	8,772,430	13,068,206	48.97	2,831	3,963	39.97
168	6.76	8,103,925	9,750,101	20.31	3,262	3,676	12.69
167	5.96	13,234,889	15,459,624	16.81	4,711	5,194	10.24
145	13.51	2,501,426	3,562,454	42.42	2,334	2,928	25.47
77	3.96	4,486,850	6,175,667	37.64	2,305	3,052	32.40
69	12.59	2,500,625	3,212,491	28.47	4,595	5,243	14.11
11	1.09	3,686,780	4,309,261	16.88	3,776	4,365	15.62
10	.14	47,770,325	55,134,866	15.42	6,490	7,480	15.26
-27	-1.84	5,734,229	6,486,078	18.11	3,915	4,512	15.23
-55	-5.12	4,110,745	4,836,067	17.64	3,799	4,711	23.99
-83	-6.86	3,985,725	4,404,291	10.50	3,298	3,912	18.64
-90	-12.64	2,555,590	2,704,140	5.81	3,260	3,949	21.12
-130	-7.17	4,747,545	5,048,245	6.33	2,610	2,989	14.55
-143	-4.54	5,124,705	5,868,067	14.51	1,622	1,946	19.95
-145	-48.98	1,403,665	1,429,429	1.84	4,751	9,482	-99.59
-151	-2.96	30,039,087	30,415,442	1.25	5,890	6,146	4.34
-152	-3.30	25,009,520	30,402,761	21.56	5,420	6,814	25.72
-155	-11.01	5,027,070	5,648,696	12.36	3,567	4,504	26.27
-179	-5.24	12,855,396	16,376,305	27.39	3,765	5,061	34.44
-201	-10.42	4,376,010	4,419,772	1.00	2,273	2,562	12.74
-210	-57.28	1,135,315	591,207	-47.93	3,101	3,780	21.89
-216	-14.05	2,693,775	4,420,457	64.10	1,750	3,342	90.92
-222	-5.37	17,406,036	19,325,388	11.03	4,209	4,939	17.33
-256	-14.02	8,914,500	8,701,508	-2.39	4,887	5,548	13.52
-264	-12.04	8,818,365	10,376,350	17.67	4,019	5,376	33.77
-287	-3.67	34,353,513	31,995,322	-6.86	4,386	4,240	-3.32
-296	-34.06	1,942,520	1,410,948	-27.37	2,209	2,406	10.15
-321	-3.67	59,135,264	63,831,911	7.94	6,776	7,593	12.06
-365	-33.50	4,180,765	3,283,339	-21.47	3,841	4,536	18.09
-369	-17.97	21,578,235	19,058,785	-11.66	10,502	11,310	7.70
-426	-12.79	14,616,825	13,634,395	-6.72	4,392	4,697	6.95
-431	-33.82	3,322,897	3,588,231	7.99	2,609	4,257	63.18
-434	-8.99	22,273,699	26,294,449	18.05	4,614	5,985	29.72
-438	-19.49	6,529,741	8,229,928	26.04	2,907	4,551	56.55
-442	-20.95	7,224,000	7,138,000	-1.19	3,425	4,282	25.00
-445	-17.46	12,042,140	15,144,710	25.76	4,725	7,200	52.37
-473	-13.42	18,000,965	24,656,010	36.97	5,106	8,077	58.20
-476	-29.73	6,036,135	6,142,482	1.76	3,770	5,450	44.56
-478	-8.96	28,035,371	34,257,607	22.19	5,250	7,046	34.22
-511	-9.79	17,039,155	17,624,965	3.44	3,263	3,741	14.67
-552	-23.22	11,045,328	11,906,856	7.82	4,641	6,517	40.42

the others shown here were supplied by four tracking services: Patterson Advertising Reports, C-Systems, Rome Reports and Gallagher Reports. Additional ad page information came from other miscellaneous sources. The information is intended to be a guideline on performance, not an exact measurement of all business magazines, since all the tracking services have varying standards and methods of tracking.

(CONTINUED ON PAGE 116)

Magazine categories ranked by 1985-1988

Markets	No. of magazines tracked	1985 ad pages	1986 ad pages	1987 ad pages	1988 ad pages
Electrical	9	5,261	4,811	3,920	4,636
Interior design/furnishings/ space planning	6	9,042	9,019	9,202	8,230
Mining	5	1,967	1,555	1,394	1,136
Health care	2	1,823	942	862	811
Air conditioning/heating/ plumbing/sheet metal	13	8,142	6,881	6,956	7,124
Science/research/development	11	8,227	7,436	7,628	7,184
Chemical & chemical process industries	10	8,438	6,952	6,317	7,112
Baking	2	2,982	1,805	1,956	1,647
Hospital administration	8	6,088	4,972	5,182	4,746
Grocery	6	6,556	4,844	5,828	5,171
Control & instrumentation systems	5	4,522	3,711	3,126	3,068
Financial	2	3,560	2,992	2,482	1,928
Office methods & management	7	5,259	4,353	4,058	3,567
Banking	10	8,316	7,842	7,778	6,501
Mfg.-industries/equipment/ products	3	4,523	2,345	2,348	2,582
Automotive/service stations/ garages	26	15,311	13,421	12,993	13,136
Radio & TV	19	14,746	13,763	13,099	12,555
Telecommunications technology	10	12,885	12,218	12,160	10,632
Metal/metalworking & machinery	26	19,346	17,796	14,392	16,066
Advertising & marketing	11	12,917	10,090	8,647	8,464
Travel retail	3	17,098	15,984	14,984	12,578
Petroleum & oil	17	11,159	7,473	6,022	6,412
Electronic engineering	33	55,843	50,919	48,533	48,078
Total	**516**	**482,173**	**446,480**	**438,287**	**431,250**

past 25 years. Percentage page growth for business magazines has been essentially flat since 1979. During the mid to late 1970s, pages grew by 8 percent and 9 percent from year to year, and have not surpassed 5 percent any year since, according to ABP figures.

The revenue growth is easily explained. Average annual ad rate increases of 7 percent for the business titles have been keeping the bottom line healthy. The ad page erosion is harder to explain.

Hesitant buyers

The business press giants have their own explanations. "There is a lot of concern coming off the stock market crash," explains Robert Burton, president of ABC Publishing, parent company of Chilton Company and Hitchcock Publishing. Advertisers are hesitant. "We feel very positive about the business press area. If we didn't, we wouldn't be in this business," he says. But he adds, "It is much more challenging now than it has ever been."

The proliferation of business titles is also bringing change, says Sal Marino, president of Penton Publishing: "There is hardly a field today where there are not five, 10 and sometimes 20 magazines," he says. These new entries may be taking pages away from the long-established titles. "Down the road," he adds, "the publishing companies that survive will be the ones that are most innovative."

Rosenfield attributes part of the page loss to the merger and acquisition climate of today's economy. Corporations are acquiring other corporations; publishers are acquiring other publishers. The activity has created a period of uncertainty. Corporate acquisitions among the larger companies in an industry especially shrink the ad dollar, since these larger companies account for most of the ad spending. For example, the top 50 advertisers in the general merchandising field account for almost 50 percent of the advertising. In the food service industry, the top 50 control almost 43 percent.

Another explanation comes from Cahners Publishing Company. The lack of page growth reflects an economy that has been slowing down, says Dr. Martin Fleming, vice president, planning. The business press does well when industries are making large capital investments, buying new equipment, he says. Although this spending in the business sector may be slow in the next year, it will be picking up in the early 1990s, creating more need for advertising—and hence more ad pages.

The business activity during the 1970s explains the percentage page gains in the business press during that time. "The second half of the 1970s was a time of strong economic activity, which ultimately led to high inflation," says Fleming. "There were too many demands chasing too few goods. Almost all industries, from housing to machine tools, experienced peak levels of activity and prices got pushed up. But business publishers benefited from the strong activity."

> "One answer is for magazines to beat other media at their own game—to augment advertising with other marketing tools."

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In the early 1980s, the economy began another period of recovery, setting off unprecedented revenue growth for the business press. The strong areas for this recovery have been in the computer, electronics and building and construction sectors, which explains why these categories are some of the strongest in the business press today, he notes. Advertising page growth is related to the economy, and our pages will grow again, Fleming says.

Others echo these sentiments. Comparing performance in the late 1980s with 1985 as the base year is misleading, says Dale Bauer, president of Edgewater Management, Inc., a consulting firm. Bauer, former group vice president of Macmillan Inc., parent company of SRDS, notes that 1985 was a year of tremendous revenue growth for the business press. Other years will pale in comparison. Manufacturers are currently holding back on spending, but Bauer is hopeful for the years ahead.

However, business magazines are facing stiff competition from other media. Consider a study on business to business spending conducted in 1986 by Anderson Lembke, Inc., a business to business advertising agency, for *Business Marketing*. The study estimates that business to business spending in the United States totals $94 billion annually, with advertising accounting for

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page growth

(CONTINUED FROM PAGE 115)

Page growth 1985-1988	% page growth 1985-1988	1985 dollars	1988 dollars	% dollar growth 1985-1988	Average revenue per ad page—1985	Average revenue per ad page—1988	% growth in average revenue per ad page
-624	-11.87	21,381,321	22,057,486	3.16	4,064	4,758	17.06
-813	-8.99	27,824,006	27,855,830	.11	3,077	3,385	10.00
-831	-42.25	7,594,695	4,721,460	-68.59	3,860	4,156	7.65
-1012	-55.51	2,824,010	2,211,364	-21.69	1,549	2,727	76.00
-1018	-12.51	26,798,063	32,091,876	19.75	3,291	4,505	36.87
-1,043	-12.68	34,830,651	41,190,560	18.26	4,234	5,734	35.43
-1,326	-15.72	41,803,947	43,606,547	4.31	4,954	6,131	23.77
-1,335	-44.76	9,693,740	7,091,687	-26.84	3,250	4,305	32.45
-1,342	-22.04	22,028,456	22,360,264	1.51	3,619	4,712	30.21
-1,384	-21.11	36,922,007	52,301,940	41.66	5,632	10,114	79.57
-1453	-32.14	21,402,220	19,618,404	-8.33	4,733	6,394	35.07
-1,632	-45.84	28,583,965	26,707,416	-6.57	8,029	13,852	72.52
-1,692	-32.18	22,864,525	17,798,386	-22.16	4,348	4,990	14.78
-1,816	-21.83	23,569,104	28,577,363	21.25	2,834	4,396	55.11
-1,991	-44.02	26,904,891	34,031,641	26.49	5,948	13,441	125.97
-2,175	-14.21	67,887,572	76,057,773	12.03	4,434	5,790	30.59
-2,191	-14.86	43,183,178	46,456,613	7.58	2,928	3,700	26.36
-2,253	-17.49	45,355,155	53,834,682	18.70	3,520	5,064	43.85
-3,280	-16.96	60,501,046	58,421,249	.09	3,127	3,636	16.28
-4,453	-34.47	53,312,425	55,539,956	4.18	4,127	6,562	58.99
-4,520	-26.43	68,520,016	65,262,000	-4.75	4,008	5,189	29.47
-4,747	-42.54	39,757,065	23,147,416	-41.78	3,563	3,610	1.33
-7,765	-13.91	257,089,481	266,739,627	3.75	4,604	5,548	20.51
-50,823	**-10.54**	**2,177,012,728**	**2,603,026,638**	**19.57**	**4,515**	**6,034**	**33.64**

$8.5 billion of this total. Business magazine ad spending makes up $3 billion of this advertising total. Directory spending, consumer magazines, broadcast and Yellow Pages capture other advertising dollars. However, the bulk of business to business spending is in direct marketing—mail and telemarketing included. In total, direct marketing captures $30.8 billion of the business to business dollars. Trade shows capture another $21 billion.

These statistics reflect a challenging marketplace for business magazines. "We are less than 3 percent of the total business to business spending," notes James White, vice president, corporate marketing, for Chilton Company. "We have business press sales representatives going in to sell advertising, but we have media directors pressured to use other media tools that offer more accountability," he explains.

"Our challenge is not only to increase our pages, but to get more of the percentage of the advertising budgets," says Jim Staudt, president and chief operating officer of Vance Publishing Company, publishers of *Modern Salon, Modern Jeweler* and other titles.

One answer is for business magazines to beat other media at their own game—to augment the advertising with other marketing tools. "Advertisers want more bang for their buck," says Burton. The trend to offer additional marketing services is getting stronger, he adds.

Part of the reason for the strategy changes is found in the personality of the corporate media buyer, notes Rick Kean, publisher of *Business Marketing*. Traditionally, advertising buyers had more respect for print. They grew up with print and understood how it worked. Today's buyers are the product of the television generation. Direct marketing and trade shows appeal to them because of the "instant gratification."

> **"Direct marketing and trade shows appeal to advertising buyers because of the 'instant gratification' factor."**
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Kean adds, too, that the old industrial ad managers spent years doing the same tasks, while today's buyer is more likely to be thinking about his future. Today, the job is just a means to an end. "They now think: 'If I can bring in good response numbers, maybe I can get promoted out of here,' " explains Kean.

The new attitude puts more burden on advertising representatives to link advertising with product sales, a difficult job. Telemarketers and direct mailers, on the other hand, can offer actual numbers on who has ordered a product. Trade show representatives have concrete numbers on who stopped by a booth and what materials they were given.

"No longer can we go in with large rate increases and expect advertisers to absorb them," says Staudt of Vance. The advertiser's demands are the reason why rate pressures came about.

Indeed, Chilton, Cahners, CMP Publications, Penton, Vance, North American Publishing and countless others have added some type of support services for advertisers. Anderson Lembke sadly quotes a study that says 72 percent of the leads brought in from a business magazine are not followed up. Even though this is the fault of the advertiser, business magazine companies are building in systems that take the initiative in following up, which im-

Top 25 markets by 1988 average revenue per ad page

Markets	Average revenue per ad page—1985	Average revenue per ad page—1988	% growth in average revenue per ad page
Financial	$8,029.45	$13,852.47	72.52%
Mfg.-industries/equipment/products	5,947.91	13,440.56	125.97
Business	10,501.91	11,310.18	7.70
Grocery	5,632.18	10,113.75	79.57
Materials handling & distribution	4,750.78	9,482.12	99.59
Automatic data systems	6,316.87	9,435.51	49.37
Building	6,040.74	8,582.89	42.08
Packaging (users)	5,105.63	8,076.92	58.20
Aviation & aerospace	6,776.15	7,593.22	12.06
Travel business conventions & meetings	6,489.54	7,479.64	15.26
Industrial purchasing	6,459.89	7,393.99	14.46
Restaurants & food service	5,883.08	7,255.31	23.32
Chain stores	4,725.45	7,200.28	52.37
Product design engineering	5,249.97	7,046.45	34.22
Plant engineering/facilities maintenance/operations	5,420.04	6,813.91	25.72
Advertising & marketing	4,127.20	6,561.67	58.99
Discount marketing	4,641.48	6,517.40	40.42
Control & instrumentation systems	4,733.32	6,393.53	35.07
Architecture	5,890.02	6,145.91	4.34
Chemical & chemical process industries	4,954.01	6,131.48	23.77
Drugs/pharmaceutics	4,613.73	5,984.73	29.72
Plastics & composition products	4,577.76	5,835.08	27.47
Automotive/service stations/garages	4,433.79	5,789.90	30.59
Science/research/development	4,233.80	5,733.63	35.43
Electronic engineering	4,603.78	5,548.06	20.51

Source: Business Development Group, Inc.

These 25 categories are bringing in the most money per advertising page. This measurement, also called the yield, is calculated by dividing the total advertising revenue for a category by the number of ad pages.

proves the chance of sale and enhances the image of the business press.

Chilton, for example, has set up four separate services to offer "value added" products to its advertisers. For starters, there is Ad Chart, a service that measures advertising awareness. Readers are asked: Did you see this ad? What action did you take?

In addition, Chilton offers Focus, a face to face product testing service for advertisers. The company conducts 100 interviews in 10 major markets on its advertisers' new products. "We can ask what they think of a new belt for an engine, or a rust inhibitor for a plant," says White. The publisher can also test ad copy and pricing strategies for its clients. Advertisers pay for the service, explains White.

Chilton also offers research on their advertisers' markets. The company's Magazine Advertising Information Center includes 600 databases that advertisers can access. The company also offers a direct marketing service that includes telemarketing. Callers contact those who have sent in reader service cards, explains White.

In addition, ABC purchased P.E.M.C.O., a trade show company, in 1986 to expand the base with advertisers.

Chilton is not alone in its attention to support services. Penton offers research, direct marketing and has some trade show activity, notes Marino. Penton also offers a "value added program," which allows an advertiser in any publication to receive credits that can be used in a variety of ways. For instance, the credits can go toward more advertising pages, or toward a stay at Penton's golf and tennis resort in Florida, an appealing place to hold sales meetings.

> "This company picked up several hundred pages of advertising through supplements."

Cahners, too, offers similar research, direct marketing and trade show products. In addition, the company has a "space credit" incentive that allows advertisers who buy more than $250,000 worth of space to get a percentage of free page space in the future, explains Peter Boniface, vice president, national accounts, publisher of Cahners Magazine Network. The company also supplies the Cahners Economic Forecast, which spots trends for its advertising clients.

Another tactic is to offer more advertising opportunities. Penton, which finished 1988 with a flat year for its magazines, picked up several hundred pages of advertising through supplements. The company prepared and scheduled the same supplement to run in all of its magazines that cover heavy industry, for example.

The key is to change the marketers thinking about direct marketing as the only tool, says Staudt of Vance.

"We want to show advertisers that direct marketing alone, without trade advertising, will not have the same impact as trade advertising supported by direct marketing," says Staudt. Trade advertising can get to top management people who are usually not accessible to a company's salespeople or to phone callers.

Value added services will not completely solve the problem, however, says Ned Borowsky, president of North American Publishing, publisher of *Printing Impressions, Magazine & Bookseller* and other titles. "The most innovative and unique marketing support program in the world won't help close on a product that is out of touch with the market. Value added programs are simply closing tools," he says.

Indeed, other publishers note that the product is everything, especially in today's environment. Newsletters, databases and computer accessed information are creating new information streams. "Magazines with dull graphics and old news are not going to grow," says Rosenfield. "Publishers would be wise to evaluate lead times and cut them for editorial. If we don't, we are hurting our perception in the industries we cover," he says.

Michael Leeds, president of CMP, agrees. Although the new "desktop" publishing technology is making it easier for people to get into publishing, it is not necessarily improving the quality of editorial content, he says. Emphasis on quality editorial helped CMP grow 20 percent in total revenue last year, he says. "We view ourselves as a newspaper company," he says. The text editing systems, deadlines and personnel are more like a newspaper's than a magazine's, he claims.

> "The most innovative and unique marketing support program won't help close on a product that is out of touch with the market."

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A new attention to content

Observers of the business press are noticing a new attention to content, overall. "Publishers are realizing that if they are in the business of reporting the news, they'd better be the best; if their niche is analyzing the news, they'd better be the best analysts," says Arun Sinha, media director of Anderson Lembke. He notes that significant improvements have been made in the computer and data processing magazines.

Others stress that the business press must give more credence to the research done by the Association of Business Publishers and the Advertising Research Foundation. The two associations issued a report in 1987 that proved the effectiveness of advertising in the business press. Although some magazines, including FOLIO:, have given coverage to the study, Rosenfield

Top 25 markets by 1988 ad pages

Markets	1985 ad pages	1988 ad pages	% page growth 1985-1988
Automatic data systems	67,027	69,407	3.55%
Electronic engineering	55,843	48,078	-13.91
Restaurants & food service	19,329	19,686	1.85
Metal/metalworking & machinery	19,346	16,066	-16.96
Automotive/service stations/garages	15,311	13,136	-14.21
Travel retail	17,098	12,578	-26.43
Radio & TV	14,746	12,555	-14.86
Engineering & construction	11,173	11,442	2.41
Telecommunications technology	12,885	10,632	-17.49
Advertising & marketing	12,917	8,464	-34.47
Aviation & aerospace	8,727	8,406	-3.67
Interior design/furnishings/space planning	9,042	8,230	-8.99
Motor trucks & accessories	7,833	7,546	-3.67
Travel business conventions & meetings	7,361	7,371	.14
Science/research/development	8,227	7,184	-12.68
Building	5,960	7,165	20.22
Air conditioning/heating/plumbing/sheet metal	8,142	7,124	-12.51
Chemical & chemical process industries	8,438	7,112	-15.72
Banking	8,316	6,501	-21.83
Petroleum & oil	11,159	6,412	-42.54
Food processing & distribution	5,168	5,513	6.68
Grocery	6,556	5,171	-21.11
Architecture	5,100	4,949	-2.96
Product design engineering	5,340	4,862	-8.96
Hospital administration	6,088	4,746	-22.04
TOTAL	357,134	320,336	-10.30

Source: Business Development Group, Inc.

Only 6 of the top 25 markets have increased page count from 1985 to 1988. The top category, automatic data systems, reflects the growth in computer titles during the second half of the 1980s.

Markets ranked by number of pages lost from 1985 through 1988

Markets	1985 ad pages	1988 ad pages	Page losses 1985-1988
Electronic engineering	55,843	48,078	-7,765
Petroleum & oil	11,159	6,412	-4,747
Travel retail	17,098	12,578	-4,520
Advertising & marketing	12,917	8,464	-4,453
Metal/metalworking & machinery	19,346	16,066	-3,280
Telecommunications technology	12,885	10,632	-2,253
Radio & TV	14,746	12,555	-2,191
Automotive/service stations/garages	15,311	13,136	-2,175
Mfg.-Industries/equipment/products	4,523	2,532	-1,991
Banking	8,316	6,501	-1,816
Office methods & management	5,259	3,567	-1,692
Financial	3,560	1,928	-1,632
Control & instrumentation systems	4,522	3,068	-1,453
Grocery	6,556	5,171	-1,384
Hospital administration	6,088	4,746	-1,342
Baking	2,982	1,647	-1,335
Chemical & chemical process industries	8,438	7,112	-1,326
Science/research/development	8,227	7,184	-1,043
Air conditioning/heating/plumbing/sheet metal	8,142	7,124	-1,018
Health care	1,823	811	-1,012
Mining	1,967	1,136	-831
Interior design/furnishings/space planning	9,042	8,230	-813
Electrical	5,261	4,636	-624
Discount marketing	2,380	1,827	-552
Printing & printing process	5,222	4,711	-511
TOTAL	251,614	199,852	-51,762

Source: Business Development Group, Inc.

Some markets are hurting more than others. *Here are the 25 markets that have lost the most pages between 1985 and 1988. As expected, many of the heavy industrial markets are on this list.*

does not believe that enough advertising personnel in the field have presented the results to advertisers. Meanwhile, ABP-ARF is committed to updating the study. ABP is budgeting $50,000 per year over the next three years to study advertising effectiveness on the sale of more products.

"It is up to business press companies and their representatives to spread the word," agrees Staudt. At the company's national sales meeting this summer, an ABP representative came in to explain the study. "Just sending a 48-page report to an advertiser will not get the job done," says Staudt. The company's representatives have in turn presented the report to advertisers who are cooling off, he says.

Changing selling strategy

Rosenfield believes, too, that part of the solution lies in changed selling strategy. Sales representatives no longer concentrate on selling schedules. The switch in thinking came with the 1973 oil embargo, he says. That year was a difficult one for the business press. Inventories were being controlled, and companies didn't want to release long term budgets. "It became dialing for dollars," says Rosenfield. Sales representatives were being pushed by publishers to get the next page for the next month.

> "Sales representatives have to communicate more effectively on how their magazines can help advertisers grow their businesses profitably."

[redacted]

"Now we're at a point where publishers and their representatives have to improve their image," says Rosenfield. "Sales representatives must become recognized as marketing authorities. Sales reps have to communicate more effectively on how their magazines can help advertisers grow their businesses profitably," he asserts.

Will the new attention to value added services increase the business publishers market share in the years to come? It remains to be seen. Perhaps we will have a business press where the giants get bigger, and the smaller companies that do not invest in the services fall by the wayside.

"I don't know what magazines can do to compete," says Sinha. "Unless magazines put together some good value that they can add, nothing much is going to change," he says.

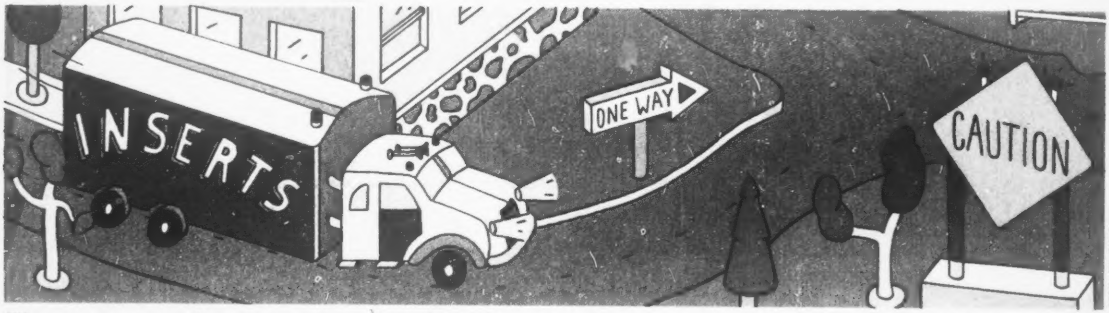
"We can't survive if we are one dimensional," adds Marino of Penton. "We'll see more unique ideas than we've ever seen before in our business. Those of us who lead will be the ones who win. It won't be easy. There will be some blood on the floor."☐

Editorial salary survey . . . page 121

Folio:

JUNE 1989 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

Advertising inserts: Caution



STEPHEN TURK

The apparent advantages of advertising inserts can be misleading, as many publishers have learned to their sorrow. Yes, they bring in good money, and yes, the advertiser deals with most of the production headaches. But inserts can also mean *lost* money, and have been known to create production, postal and transportation problems. **110**

AMELIA LA ROCHE

Reigniting Gralla

New president Robert Boucher, facing lagging profits and low morale, will put the burden of corporate rejuvenation on individual publishers: It's time to "put up or shut up," he says. **53**

Preparing for the next postal rate case

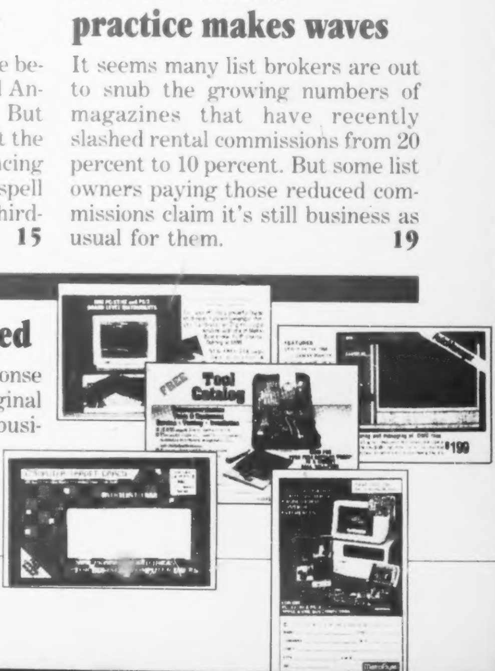
"Read my lips: No rate increase before 1991," Postmaster General Anthony Frank told mailers. But publishers should be aware that the Postal Service is already bouncing around proposals that could spell changes for second-class and third-class rate structures. **15**

New list-rental practice makes waves

It seems many list brokers are out to snub the growing numbers of magazines that have recently slashed rental commissions from 20 percent to 10 percent. But some list owners paying those reduced commissions claim it's still business as usual for them. **19**

Business decks revived

Postage rate hikes and low response spelled the end for many marginal card decks last year. But now business card decks are making a comeback, particularly in raw-material industries. What's behind the latest trend? **16**



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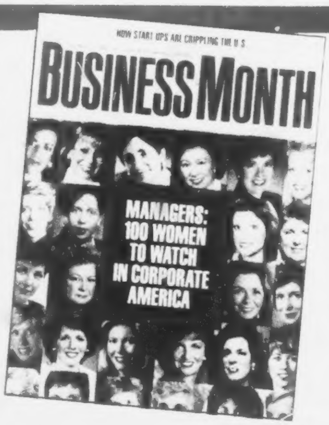
Business Month: A title to watch 61


HOW START UPS ARE CRIPPLING THE U.S
BUSINESS MONTH
MANAGERS: 100 WOMEN TO WATCH IN CORPORATE AMERICA

Salvaged from near certain doom, *Business Month* is enjoying its glory run under Goldhirsh. Though still far behind the big three business magazines, it's beginning to make some noise and turn heads—both readers' and advertisers'.

Editorial salary survey 121

Salaries are ranked by years in the business, geographic area, sex, circulation and more. This year's news: The gender gap appears to be narrowing.

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Problems range from decreased membership bases to tax threats and more. Solutions are being centered on an increased emphasis on meeting the reader's needs.

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A scanner primer

Desktop scanners represent the technology of the nineties, but are they of any use for magazines today? 100

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Xerox takes a large step into professional sophistication with the recent upgrade of its page make-up program. 95

SWOP: One proofing standard

Discontent persists about ability of SWOP proofs to match the printed page. 89

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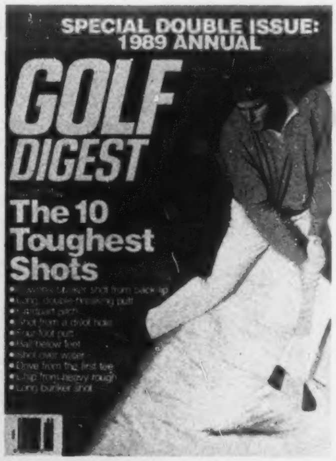

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TECH TRENDS

Folio:

COVERING DESKTOP & PRE-PRESS ADVANCES

Penta moves to PC-based system

Philadelphia—A common theme emerged among magazine software vendors during Type-X '89 in April. Most high-end vendors showing magazine solutions demonstrated editorial software on IBM PCs networked to a central What-You-See-Is-What-You-Get (WYSIWYG) layout station.

One of these vendors, Penta Systems International, Inc., used the show to introduce what it calls its "family of products for the 1990s." Penta's strategy is to embrace IBM and Microsoft Windows as its standard.

For magazines, Penta showed a working version of LayoutMaster, its magazine layout software. The WYSIWYG program has a menu and keyboard interface, though the mouse is not yet functional. Its simple user interface, however, makes the absence of the mouse barely noticeable.

Users work with a series of menus to build a basic layout in a process analogous to creating grids on paper. The user then assigns stories—either by specific name or a convention like Story1, Story2, and so forth—to columns, which can be linked together across a number of pages. The system can automatically generate jump lines.

Pages can be designed to fit existing copy, or the system can automatically size the existing text to fit the design. In addition, the new Write to Fit option enables a writer or editor to copyfit to a specific design.

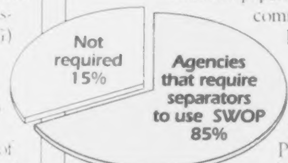
Penta offers all the usual bells and whistles: text wraparound, kerning pairs, permission levels and so on. Screens

Continued on page 91

SWOP: One standard for proofing stock

New York City—Despite some advertising agency complaints reflected in a Graphic Communications Association (GCA) survey, the national SWOP (Specifications for Web Offset Publications) committee has dug in its heels, insisting that there be only one standard for proofing stock.

"We have made a decision there will only be one standard [proofing stock] paper. We have rejected the concept of two standard papers," says Joel Rubin, who chaired the committee that prepared the recently released 1988 SWOP book, a slightly revised version of the 1986 book.



Rubin, president of Phototype Color Graphics, Pennsauken, New Jersey, and the International Prepress Association's representative on the SWOP committee, contends that GCA's survey, which had only 115 respondents, didn't accurately represent the advertising industry, made up of thousands of agencies.

GCA's survey, released last fall, showed that many of the 115 respondents had problems with the SWOP standard. The "most telling" results, says Peter Brehm, GCA vice president/print technologies, were those showing that 32.5 percent of agencies surveyed do not use SWOP proofing stock. Also, while agencies generally support its use, he says, 15 percent don't require their separators to use SWOP.

Another section of the survey showed 43 percent disliked SWOP proofing stock shade, and 45 percent disliked

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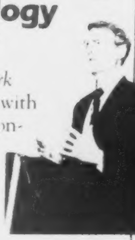
Apple pushing technology to limit


Sculley

New York City—Armed with dramatic demonstrations of emerging technologies, Apple Computer Inc.'s chairman and chief executive reassured Macintosh users that Apple not only plans to fill desktop publishing gaps, but intends to open entire new vistas in technology and pricing.

Keynoting the recent Macintosh Business Conference & Exposition attended by nearly 20,000 Mac fans, John Sculley said Apple has expanded desktop publishing "from one theme into six different themes" for product development.

While stressing that Apple will plow considerable development dollars into

Continued on page 90

Gig: Direct to negative is big cost-saving

Northridge, Calif.—If awards were given for saving production costs, it would be hard to top *Gig*, a four-color magazine for working musicians that's going monthly with the June issue.

Quint B. Randle, publisher of the standard-size, 84-page title, says virtually every black-and-white page goes directly from a Macintosh system to completed negatives including photos, scanned into the page files. Spot-color separations, as well, are produced on desktop software.

"We're saving thousands of dollars by going to negative output" on a Linotronic L300, Randle boasts. "I couldn't even begin to tell you how much we're saving by using the Mac."

WIN A PAIR OF TOA STUDIO MONITORS
GIG
Great Performances
Cheap Trick
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Film work cost comparisons for the nearly three-year-old magazine show that, as a result of going directly to negative for most pages, basic prep costs dropped from $900 to $400 per issue; charges for handling halftones plunged from $225 to $25; costs for butting two subjects on the page dropped from $850 to less than $160; and line shot costs fell from nearly $80 to $20.

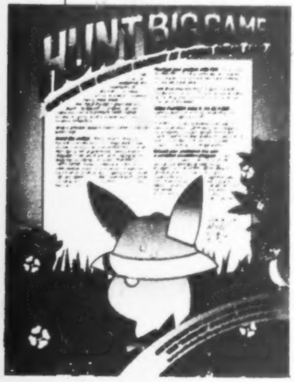
Costs also were lowered in several other categories, including screens, reversing one-color, and film contacts.

Working with mostly freelance-written editorial material, the four-person *Gig* staff—two artists, two editors—use a combination of Macintosh IIs and SEs; the art director uses an SE

Continued on page 92

Agency uses Macs to bring down ad costs

New York City—In the New York advertising community, where creating ads is often bogged down by high-priced, lavish production, desktop publishing is making significant inroads. In fact, one small agency, formed around and devoted to Apple Macintosh technology, is producing everything from glossy color ads to promotional videos for some influential advertisers.



From design to color separation, this promotion was done entirely on a Mac.

To date, those who have taken note of Karp Newton Van Brunt's (KNVB) skill with Apple Macs , such as a dozen or so publishers including *Playboy* and Family Media, are finding that their ad work is being done faster and cheaper. One list management and brokerage company, Direct Media Inc., has reduced costs by two-thirds by using its own desktop equipment with KNVB's. Direct Media invested $25,000 in a Mac II, software and a color scanner, which it uses to conceptualize and finish the 100 ads it produces each year. KNVB produces final film and places the ads with media. Under this arrangement, Direct Media claims to be saving $70,000 per year in media and production costs.

Working with 18 Macs, including a half dozen Mac IIs, a Linotronic 300 imagesetter and a QMS ColorScript 100 thermal printer, the agency creates four-color ads using Aldus' PageMaker and various graphics and design software packages. Four-color photos are scanned into layouts for design purposes, though output is rough at 60 lines per inch (newspapers typically run photos at 65 lines per inch). Large photos are separated by traditional methods and stripped into text; spot-color pages are produced on the Macs. Small photos can be separated by the Macs and output to film with the agency's L300 at 150 lines per inch, but gray balancing is difficult, notes Jim Suhre, technology director. The Linotronic also produces reproduction-quality type, screened black-and-white photos and images generated on the computer.

Color proofs for client approval are output on the QMS printer and may include low-resolution, four-color images. While not of reproduction quality needed for most publication uses, such images are far better than magic-marker renderings for helping clients visualize new concepts, explains Patricia Ganguzza, director of client development.

In fact, the technology can lead to the problem of too many options, Suhre adds. "It can get out of hand if you give your client too many choices." Once the design is settled, however, ad production can be turned around in a fraction of the time normally required by most agencies.

KNVB has also extended its desktop capabilities to Macintosh-produced video. One trade magazine is considering using the agency to give major advertisers a new kind of perk: a video designed to promote the advertiser among the magazine's readers, who are retailers. KNVB has used the same technology to produce MTV-like videos for retail clothing stores. And Family Media used desktop video to help *Health* attract sponsors for aerobic events held by the magazine in shopping malls.—*M.H.*

Apple *Continued from page 89*

mid-range systems—notably the Macintosh SE-30 and IIcx—Sculley said that "the really exciting things will happen at the low end of the product line.

"We're going to have entry-level Macintoshes even less expensive than anything we offer today," he added, noting that the Macs will be capable of link-ups with higher-priced models for applications such as electronic mail. While leaving the timing on this unclear, he dropped a price hint, suggesting E-mail users could be satisfied with a "maybe $1,000 or $1,500 system."

One of Sculley's top development theme areas is publishing and presentations, where "you are going to see some very exciting audiovisual capabilities added to desktop media." One such product is ColorSpace*fx*, from MASS Microsystems, a $2,995 video board designed for Macintosh II and IIx which manipulates a color digital signal with special effects, such as picture squeeze, twist, mirror, kaleidoscope and zoom.

Design and modeling, which began with the spreadsheet program VisiCalc and grew to Lotus 1-2-3 and Microsoft's Excel, will see even more powerful software in the future, he said. Programming is now "the biggest single area of growth," he asserted, because of the introduction of HyperCard—responsible for over 230,000 Mac applications.

The three other focal areas include learning and training, information management and personal productivity, "where it all began" with personal computers, he reflected.

In the meantime, two platforms used for professional-level desktop publishing applications—the mid-range SE-30, introduced in January, and the IIcx, unveiled in March—will get considerable development attention, Sculley assured.—*J.S.*

SWOP
Continued from page 89

its brightness.

SWOP's objective has been to match ink on paper proofs with that produced in magazines. A problem, however, has been that proofing is generally done on sheet-fed presses, while large-run magazines are printed on webs.

Trials and tribulations over proofing paper standards go back to 1975, when Consolidated Fortune Gloss—a No. 4 grade, 78 brightness—was accepted. However, proofs using it appeared different from magazine production press results, where a No. 5 grade paper with 70 brightness is preferred. A change was made to the current standard proofing papers—Champion Textweb, a No. 5 coated groundwood with 70 brightness, and Appleton Ad-Proof, also with 70 brightness and the appearance of No. 5 groundwood—as a result of ad agency pressure, Rubin recalls.

No. 5 grade and 70 brightness resulted at the insistence of the 4As (American Association of Advertising Agencies) Print Production Committee and the MPA (Magazine Production Association) Production Committee, the SWOP committee member says. "They threatened to withdraw from SWOP if we didn't change to a No. 5 grade paper."

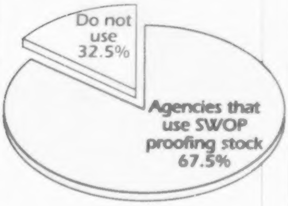
However, some advertising production people persist in complaints that the No. 5 paper doesn't correctly represent ads appearing in magazines printing on higher grade stocks, such as No. 3 or No. 4 paper, and they have encouraged SWOP to adopt two or three standards.

"There can't be two or three standards," Rubin insists. He points out that when a separator proofs a job, that proof might go to 25 different publications, each printing on different paper stocks.

He also notes, however, that using the single No. 5 stock standard can, by comparison, "only improve the brightness and contrast of a job when better grade paper is used." ➤

Major agencies do support SWOP and are trying to adhere to the standards, asserts Don Demarist, a Young & Rubicam executive and SWOP committee member representing the 4As. However, he acknowledges that 100 percent compliance industry wide isn't happening, largely because of the size of the industry and the fact that the standard is voluntary.

When the standard isn't followed, "I blame it entirely on the publisher," Demarist says candidly. "If publishers accept anything and everything from everybody, it means the demise of a standard that was set for them in the first place."



Overall, SWOP is having an impact, according to Bill Sullivan, chairman of the national SWOP committee. Adds Demarist, four or five years ago, 15 percent to 19 percent of ads were rated to be less than what his agency expected, although not necessarily a makegood. "Last year, we were down to less than 1 percent." —*J.S.*

Penta

Continued from page 89

and tints are said to be "forthcoming."

The software is called WYSIWYG and, to some degree, it is. But the program is not interactive on-screen. To see changes made to a page, the user must process the job and wait for the screen to repaint. Depending on the amount of data on the page, processing can take up to several minutes.

Penta's full magazine system sells in the $75,000 to $100,000 range. The company lists Atex as its main competitor and says that in configurations of four workstations or larger, the price becomes competitive with Magna or Ventura systems.—*Teresa Martin*

Time prototype automates magazine make-up, ad mix

New York City — Time Inc. has begun testing a workstation-based magazine make-up system to assure more fair advertisement placement, while also better managing complex production problems created by dozens of state, regional and demographic editions.

The prototype system was developed to reorganize the manual "mock-up" process used by advertising and editorial production people at *Time*, *Fortune*, *People*, *Sports Illustrated* and *Life*. The old mock-up system was based on 8-1/2 x 17-inch sheets detailing ad locations and special instructions. The growing complexity of production problems on the weeklies encouraged management to approve a prototype system to largely automate the process, says Robert M. McGiott, director of technical planning for Time Inc.'s editorial and manufacturing group.

Time alone offers editions in 50 states, 13 regional areas, 50 metropolitan areas, four demographic editions and 96 test marketing editions, McGiott says. Compounding the problem is the U.S. Postal Service, which "has its own very specific set of requirements," he adds.

What's more, "each advertiser wants to be in the most favorable position in any issue." The prototype system takes into consideration an advertiser's position history, with the goal of treating each advertiser fairly, McGiott explains. Also factored in are situations such as the demands of competing auto makers, which insist their ads be a certain number of pages apart.

The prototype system, which McGiott hopes to have in beta test by year-end, uses a large-monitor Macintosh II at Time Inc.'s New York City headquarters. The Mac is linked to the publishing giant's advertising database, a 20-year-old Admarc mainframe system in Tampa, Florida, linked to IBM terminals at New York headquarters. McGiott says there are no plans to change that.

The Macintosh II uses a database management program called FoxBASE+/Mac produced by Fox Software Inc., Perrysburg, Ohio. McGiott says his technical team created window programs for the Mac, while the Fox program converts data from Admarc to Mac format.

People throughout Time Inc. had gotten used to the non-automated mock-up format, and "we couldn't train people to think differently about what a mock-up should look like," the technical planning director recalls. "So we decided to model the mock-up, via desktop."

So far, tests done with *People* magazine have shown that prototyping does work. "We can create a close representation [of the mock-up] using tools and techniques people are used to," says McGiott. "Users love it," he adds. "They are very much involved in it."

Technically, however, "many of the higher-level tools are just now becoming available," he says. "Apple needs to do more work in terms of tools." He also reports window-switching problems involving Apple's MultiFinder multitasking program.

Before going operational, a switch may have to be made from Macintosh to more powerful hardware such as Metaphor Computer Systems Inc.'s data interpretation systems (DIS).

"We hope to continue to run it on Macintosh," says McGiott. However, "Our concern is whether it can provide the MIPS [million instructions per second] we need in order to do the computation job." Future plans also call for bridges to Time Inc.'s Atex and Crosfield production systems.—*J.S.*

An interim solution to digital proofs

Wilmington, Del. While the publishing industry waits for high-quality digital color proofing systems to emerge from laboratories, a relatively new technology is attracting increased attention as a possible interim solution. Called SDTT, for sublimated dye thermal transfer, the technology was recently credited for "helping to make affordable color a reality," by Ken Draeger, president of Agfa Corp.'s Compugraphic division.

SDTT produces proofs of electronic manipulations inexpensively—$4 versus $40—and quickly—four minutes versus 40 minutes for more traditional off-press proofs, Draeger says.

As yet, AGFA Compugraphic doesn't offer an SDTT-based product, although a Belgian development group is working on it, according to Sheldon B. Yarmovsky, national sales and marketing manager for color systems. The only commercially available digital proofing system employing SDTT is a pricey machine from Du Pont Imaging Systems named 4CAST; its price can range from about $55,000 as a stand-alone printer for Du Pont-built workstations, to approximately $100,000 when configured to Scitex Corp.'s Response electronic color prepress system, says Mark Wendling, Du Pont's digital

Continued on page 92

FOLIO:'s 1989
Editorial salary survey

Editors report the biggest average percentage salary gain over last year—8.3%—while senior/associate editors bring up the rear with a 6.4% pay hike

BY ROBERT M. STEED

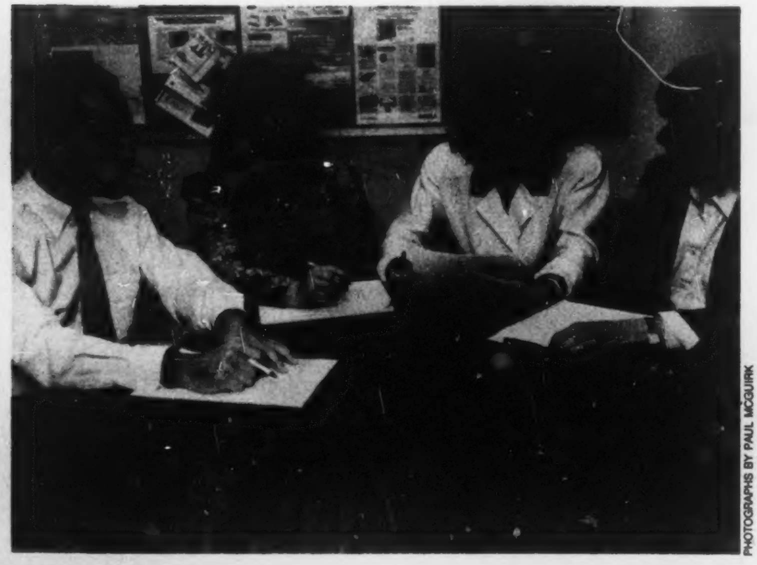
"What better job is there? I am paid, and relatively well, to travel around the United States and other parts of the world. I meet some of the truly outstanding businessmen in the world, and I'm paid to sit around and chat with them." Those are the feelings that a senior editor with 10 years of experience, earning total compensation in the low $40,000s, has about the editorial profession.

Although there's certainly more to it than "sitting around and chatting," comments from the other 550 editorial and art professionals who responded to this survey echo these views. Their overwhelmingly positive comments about intellectual stimulation, creativity, impact and diversity—sprinkled with an occasional grumble about pay—suggest that editorial professionals find a reward in the work itself, over and above money.

Money is important too, of course. And it is clear from this survey that talented editors and art directors can earn a substantial income from their profession. Listed below are some of the more important general findings from this survey, indicating factors that can affect pay levels.

- *Experience*: This remains the clearest determinant of pay. There is a steady correlation between salary and length of time in editorial, except for editorial managers with less than four years' experience (which probably results from one or two anomalous responses).
- *Location*: It helps to be in the Northeast. Compensation is consistently higher there—and in two cases is over 30 percent greater than the next highest region.
- *Circulation*: Circulation size also appears to be directly related to pay. Salary typically grows as circulation grows, although in some cases the difference is not dramatic until circulation is over 500,000.
- *Pages*: Another indication that the size of the publication is important lies in the direct correlation between number of editorial pages and compensation levels.
- *Double duty*: This doesn't seem to pay. Editorial employees responsible for only one magazine consistently outearn those working on more than one.

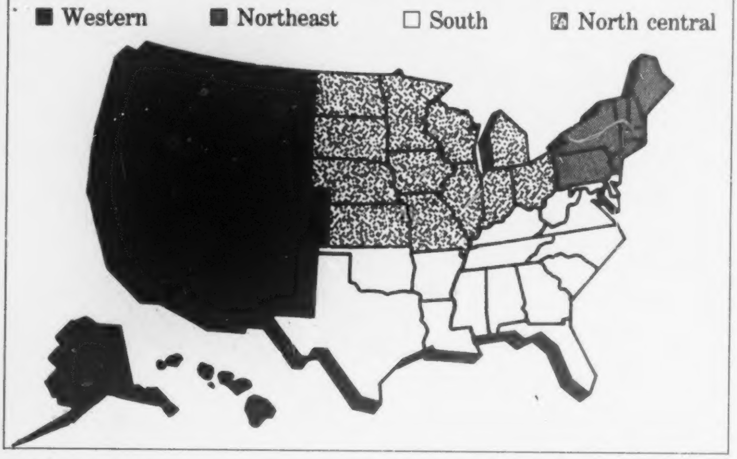
As noted in the box on "Using the Numbers," year-to-year comparisons of the data in this survey should be made with caution. Still, two sharp differences between the data in this survey



PHOTOGRAPHS BY PAUL McGUIRK

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm that uses improvisational dramatizations to provide corporate clients with a broad range of programs for seminars, conferences, training courses and communications efforts. Before cofounding Performance Plus . . . , he was vice president and director of personnel of Time Inc.

The regions have been divided as follows:



> "Magazine work brings together into one job my skills and my interests. I won't say it's a marriage made in heaven, but it's as close as you get in this life."
>
> **—Editorial manager in the Northeast, earning $105,000 in salary and bonus.**

and last year's bear mention.

First, salaries of women in this sample are frequently much closer to those of their male counterparts than they were last year. Indeed, among editorial management, salaries are dead even—and the total compensation of female art directors is more than that of men. This is perhaps another indication that, on a long-term basis, the pay disparity between men and women in editorial is gradually eroding.

Second, being in a bonus-paying company does not appear to pay off as much in this sample. Unlike last year, editorial employees *not* eligible for a bonus receive higher salaries than those who are; and the average salary of managing editors, senior/associate editors and art directors *not* eligible for a bonus is higher than the salary plus bonus of their counterparts. A close examination of the data points out that a disproportionately large number of junior people in these categories receive bonuses. Since experience is such an important factor in determining pay, this may explain this otherwise surprising result.

Editorial management

Holding the top editorial job in the company or magazine, those in editorial management also earn top dollar among editorial employees. Thus, they make 42 percent more in salary and 57 percent more in total compensation than the next highest category—editor.

Editorial managers on consumer magazines earn salaries about $5,000 more than those on business magazines; and their total compensation is about $10,000 higher. But on the smaller circulation magazines—up to 100,000—managers on business magazines come out ahead.

Not surprisingly, bonuses are an important part of total compensation for managers, with 57 percent of them receiving a bonus versus substantially less than half in the other job categories. Further, their bonuses average 16 percent of salary, whereas bonuses for other jobs are generally under 10 percent.

Size of the magazine is the clearest indicator of pay, whether measured by number of employees supervised, where salary jumps from $30,729 for those who supervise no one to roughly $85,000 for managers with a staff of more than 10; or by circulation, where the increase is from $38,096 at the bottom to $85,745 at the top; or by average number of pages, where those on small magazines make a little over $50,000, compared with almost $75,000 for those on large ones.

Editorial managers on weeklies/biweeklies earn slightly more than do those on monthlies, with the difference largely accounted for by managers on consumer monthlies. Those working on magazines with other frequencies

Using the numbers

It is important to use the salary information in this survey cautiously. In many instances there were not enough respondents in certain subcategories to allow valid conclusions to be reached, because even one exceptionally high or low salary could affect the average dramatically. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses). In addition, not all respondents answered all questions. Therefore, the total number of respondents in the "average" column of a chart is not necessarily the sum of the subcategories.

The survey also examines only one variable at a time. For example, editors in the Northeast earn higher salaries than their peers in other regions. But are those in the Northeast who participated in the survey working on larger magazines? Are they the ones with the most experience? The survey methodology does not enable these multiple variables to be analyzed.

One should also be cautious about comparing the data in this survey with data from prior years. Because the sample is drawn randomly from mastheads each year, those who responded to this survey may well come from a different mix of magazines or demographics than respondents to prior surveys. Comparisons are thus best made not on the broad averages, but on the more detailed breakdowns by magazine size, respondents' experience, and the like.

> "I'm *paid* to keep up on the world of ideas. Plus there are interesting, smart people in the business who are *not* motivated by greed."
>
> **—Editorial manager in the Northeast, with 20 years' experience, earning salary and bonus of $155,000.**

trail far behind here, as they do in the other job categories.

Among demographic breakdowns, the most interesting is that men and women in this sample earn virtually the same salary. There is a sharp difference, however, between business and consumer publications: On business magazines, male editorial managers earn 18 percent more than women, whereas on consumer magazines, women are 17 percent ahead. Even on a total compensation basis, women earn 90 percent as much as men, much closer to parity than has been indicated in other surveys.

Editorial managers in the Northeast earn over $20,000 more in salary than their nearest competitors in the South, with the other regions trailing even further behind. Managers in the West almost catch up on a total compensation basis because of some very high bonuses paid in that region.

Editor

Data for the next highest category, editor, show distinct differences from editorial management in some areas. For example:

- Female editors earn 78 percent

Editorial management

(Editor and publisher, editor in chief, editorial director): Sets editorial policy. May hold other titles; may be in charge of other products and other departments in addition to editorial. The editor reports to this individual.

Average salaries (The number of respondents is in parentheses.)

		% increase from '88 to '89
All respondents	$60,774 (110)	7.2%
Business	59,504 (62)	6.8
Consumer	64,451 (44)	7.5
Top one-third	$98,162 (36)	
Middle one-third	53,684 (37)	
Bottom one-third	31,485 (37)	

	Average	Average business	Average consumer
By region:			
Northeast	$75,468 (38)	$70,536 (22)	$84,800 (15)
South	55,014 (19)	51,018 (15)	80,000 (3)
North central	53,963 (32)	54,057 (21)	53,963 (10)
Western	49,771 (21)	59,250 (4)	49,013 (16)
By sex:			
Male	$60,820 (76)	$62,241 (44)	$60,955 (29)
Female	60,671 (34)	52,815 (18)	71,208 (15)
By years in editorial:			
Up to three	$61,111 (9)	$52,000 (3)	$ 74,000 (5)
4-10	52,267 (37)	53,936 (21)	49,947 (15)
11-20	61,079 (42)	58,509 (23)	65,535 (18)
More than 20	78,521 (19)	70,327 (15)	109,250 (4)
Eligible for bonus/incentive:			
Yes	$61,478 (67)	$63,661 (40)	$60,185 (25)
No	59,675 (43)	51,947 (22)	70,063 (19)
Responsible for:			
One magazine	$62,709 (63)	$60,924 (35)	$67,293 (25)
More than one	58,180 (47)	57,664 (27)	60,711 (19)
By editorial employees supervised:			
None	$30,729 (7)	$29,183 (6)	$40,000 (1)
One	36,705 (14)	47,063 (6)	28,938 (8)
2-5	55,938 (45)	51,484 (25)	66,883 (16)
6-10	70,005 (20)	76,608 (13)	57,743 (7)
More than 10	84,950 (24)	79,067 (12)	90,833 (12)
By circulation:†			
Up to 19,999	$38,096 (18)	$39,981 (14)	$31,500 (4)
20,000-49,999	52,718 (35)	55,757 (20)	51,818 (11)
50,000-99,999	61,219 (21)	77,555 (11)	43,250 (10)
100,000-499,999	77,660 (27)	66,900 (15)	91,110 (12)
500,000 and more	85,756 (9)	78,900 (2)	87,714 (7)
By frequency:†			
Weekly/biweekly	$63,042 (12)	$67,834 (9)	$48,667 (3)
Monthly	65,956 (70)	63,158 (40)	71,951 (28)
Other	46,845 (28)	42,497 (13)	51,938 (13)
By average editorial pages:†			
Up to 499	$50,371 (46)	$49,618 (26)	$52,389 (18)
500-999	62,346 (35)	60,205 (19)	65,747 (15)
1,000 or more	74,872 (25)	68,020 (15)	85,150 (10)

†Refers to the largest circulation magazine on which respondent works.

of the salary—and 70 percent of the total compensation—of men, compared with near parity among managers.

- Editors on business publications earn more than those on consumer magazines, by $3,300 in salary and $9,000 in total compensation. Editors are the only group where employees of consumer magazines did not come out on top.
- Working on a weekly or biweekly clearly pays off. Editors on publications with those frequencies earn 30 percent more in salary than those on monthlies.

In other breakdowns of the data, the patterns are the same as for editorial managers. Experience still pays off, with editors having 20 years in the business receiving more than twice the salary of those with three or less. Circulation, too, is correlated with salary. Editors on the largest magazines are paid 60 percent more than those on magazines with under 20,000 in circulation.

> “I don’t want to make money; I just love to sell concepts.”
>
> **—Editor in the Midwest working on a consumer monthly, earning salary in the high twenties, with bonus tied to profit-sharing.**
>
> [illegible]

There continues to be a direct relationship between size of the editorial department and salary, with the jump being especially sizable when the department is bigger than five people. Indeed, editors managing more than 10 people earn over three times the salary of those who supervise no one. And again, the Northeast is the place to be, leading the next highest region—the West—by a whopping $17,000.

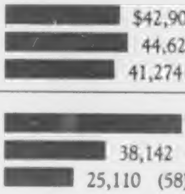
Managing editor

As the overseer of all elements of the editorial process, the managing editor is responsible for ensuring that the magazine gets out on time and in acceptable form. Except for large consumer magazines, the differences in compensation levels, based on demographic or size characteristics, are not as large as those in other categories.

It still pays to work in the North-

Editor

Responsible for editorial direction and content, including art, text and cover of one or more magazines.



Average salaries (The number of respondents is in parentheses.)		**% increase from ’88 to ’89**
All respondents	$42,906 (173)	8.3%
Business	44,623 (97)	7.9
Consumer	41,274 (74)	8.8
Top one-third	$65,862 (57)	
Middle one-third	38,142 (58)	
Bottom one-third	25,110 (58)	

	Average	Average business	Average consumer
By region:			
Northeast	$53,550 (67)	$56,130 (40)	$49,727 (27)
South	35,294 (32)	33,534 (13)	37,358 (18)
North central	36,536 (40)	39,126 (27)	31,157 (13)
Western	36,591 (34)	34,759 (17)	39,638 (16)
By sex:			
Male	$46,299 (115)	$47,991 (63)	$44,249 (52)
Female	36,179 (58)	38,384 (34)	34,244 (22)
By years in editorial:			
Up to three	$29,574 (27)	$32,789 (14)	$26,112 (13)
4-10	36,926 (77)	38,660 (46)	35,344 (29)
11-20	52,403 (53)	52,947 (25)	51,918 (28)
More than 20	62,722 (16)	63,946 (12)	59,050 (4)
Eligible for bonus/incentive:			
Yes	$42,303 (89)	$44,840 (58)	$37,555 (31)
No	43,546 (84)	44,301 (39)	43,956 (43)
Responsible for:			
One magazine	$43,413 (125)	$44,286 (75)	$42,576 (49)
More than one	41,585 (48)	45,773 (22)	38,724 (25)
By editorial employees supervised:			
None	$30,125 (26)	$30,653 (18)	$30,071 (7)
One	32,405 (27)	35,551 (14)	29,852 (12)
2-5	39,175 (82)	38,960 (40)	39,380 (42)
6-10	55,263 (27)	55,085 (17)	55,565 (10)
More than 10	96,377 (11)	98,018 (8)	92,000 (3)
By circulation:†			
Up to 19,999	$31,552 (31)	$32,705 (25)	$26,750 (6)
20,000-49,999	35,527 (42)	37,510 (25)	33,463 (16)
50,000-99,999	41,716 (35)	45,150 (24)	35,545 (10)
100,000-499,999	53,946 (53)	62,980 (20)	48,472 (33)
500,000 and more	54,764 (11)	99,500 (2)	44,822 (9)
By frequency:†			
Weekly/biweekly	$54,649 (24)	$60,344 (15)	$45,156 (9)
Monthly	42,368 (106)	43,178 (66)	41,544 (39)
Other	37,680 (43)	35,846 (16)	39,527 (26)
By average editorial pages:†			
Up to 499	$34,947 (73)	$35,625 (39)	$35,055 (32)
500-999	41,219 (49)	39,959 (27)	42,766 (22)
1,000 or more	54,880 (47)	57,885 (29)	50,039 (18)

†Refers to the largest circulation magazine on which respondent works.

east, but managing editors there earn only about 10 percent more than those in the next highest paying area, the South. As with other categories, those working on one magazine outearn those with responsibility for more than one; and the difference is surprisingly large—$39,197 versus $30,875.

Almost 60 percent of the managing editors are female. And they are gaining ground in compensation, with salary levels that are about 92 percent of men's overall, and virtually equal to men's on consumer magazines. On the other hand, men are more likely than women to receive bonuses as part of the compensation package; and the total compensation of women who receive a bonus is 86 percent that of men.

Experience continues to be an important determinant of pay. The salary of managing editors with over 20 years in the business is twice as large as those with less than three years. But being eligible for a bonus is no help. The salary alone of managing editors who do not receive a bonus is $1,000 more than the salary plus bonus of those who do.

> "The desktop invasion will open increasing opportunities for many of us. The future looks great."
>
> **—Managing editor in the Northeast, working on a business bimonthly, earning $38,000 in salary and bonus.**

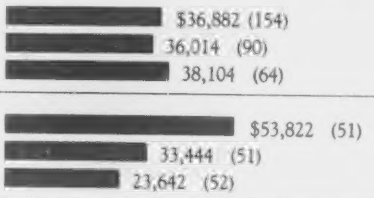
Size of the magazine is also clearly correlated with compensation, and shows itself most powerfully among large consumer magazines. For example, salary increases from $28,608 for managing editors of magazines with less than 20,000 in circulation to $38,133 for those on magazines with from 100,000 to 500,000. It then jumps to $65,085 for those on magazines with over 500,000 in circulation—all of which are consumer publications.

Managing editors on weeklies and biweeklies outearn their counterparts on publications with other frequencies by a large margin—$47,857 versus $36,233 for those on monthlies. Fur-

Managing editor

Coordinates editorial, art and production departments to ensure that the magazine is put out on time and in an acceptable form. Oversees the copy editing and proofreading staff to make sure the magazine is factually and grammatically correct.

Average salaries (The number of respondents is in parentheses.)



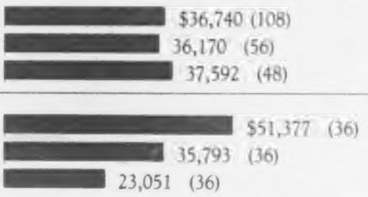
		% increase from '88 to '89
All respondents	$36,882 (154)	7.8%
Business	36,014 (90)	8.3
Consumer	38,104 (64)	7.1
Top one-third	$53,822 (51)	
Middle one-third	33,444 (51)	
Bottom one-third	23,642 (52)	

	Average	Average business	Average consumer
By region:			
Northeast	$40,108 (72)	$40,761 (38)	$39,377 (34)
South	36,504 (23)	33,194 (16)	44,071 (7)
North central	34,173 (32)	33,238 (22)	36,230 (10)
Western	32,101 (26)	31,202 (13)	33,000 (13)
By sex:			
Male	$38,659 (63)	$38,907 (38)	$38,281 (25)
Female	35,653 (91)	33,900 (52)	37,990 (39)
By years in editorial:			
Up to three	$25,894 (32)	$26,339 (21)	$25,045 (11)
4-10	34,184 (67)	33,572 (35)	34,854 (32)
11-20	44,027 (42)	42,987 (26)	45,719 (16)
More than 20	53,527 (11)	50,786 (7)	58,325 (4)
Eligible for bonus/incentive:			
Yes	$35,616 (62)	$36,097 (37)	$34,905 (25)
No	37,736 (92)	35,957 (53)	40,154 (39)
Responsible for:			
One magazine	$39,197 (112)	$38,095 (67)	$40,837 (45)
More than one	30,875 (41)	30,223 (22)	31,629 (19)
By editorial employees supervised:			
None	$29,121 (22)	$30,997 (15)	$25,100 (7)
One	27,044 (21)	30,719 (14)	19,693 (7)
2-5	34,067 (71)	35,640 (39)	32,149 (32)
6-10	45,384 (25)	41,331 (16)	52,589 (9)
More than 10	61,200 (15)	49,167 (6)	69,222 (9)
By circulation:†			
Up to 19,999	$28,608 (33)	$29,560 (26)	$25,071 (7)
20,000-49,999	33,039 (20)	35,778 (13)	27,950 (7)
50,000-99,999	33,908 (30)	35,059 (21)	31,222 (9)
100,000-499,999	38,133 (58)	42,379 (30)	33,585 (28)
500,000 and more	65,085 (13)	0 (0)	65,085 (13)
By frequency:†			
Weekly/biweekly	$47,857 (14)	$42,700 (10)	$60,750 (4)
Monthly	36,233 (102)	35,062 (60)	37,907 (42)
Other	34,582 (38)	35,528 (20)	33,531 (18)
By average editorial pages:†			
Up to 499	$29,603 (39)	$28,561 (24)	$31,270 (15)
500-999	36,486 (63)	37,939 (36)	34,548 (27)
1,000 or more	43,508 (46)	40,704 (25)	46,846 (21)

†Refers to the largest circulation magazine on which respondent works.

Senior/associate editor

Plans and writes features and other articles. May head editorial feature department and may oversee other editorial employees, freelance writers and designers. Keeps abreast of trends and news; is responsible for all editorial work in assigned subject area.



Average salaries (The number of respondents is in parentheses.)		% increase from '88 to '89
All respondents	$36,740 (108)	6.4%
Business	36,170 (56)	5.4
Consumer	37,592 (48)	7.8
Top one-third	$51,377 (36)	
Middle one-third	35,793 (36)	
Bottom one-third	23,051 (36)	

	Average	Average business	Average consumer
By region:			
Northeast	$38,420 (53)	$40,212 (26)	$36,934 (26)
South	37,953 (15)	27,948 (6)	44,624 (9)
North central	33,918 (20)	32,770 (18)	44,250 (2)
Western	34,201 (20)	37,083 (6)	32,183 (11)
By sex:			
Male	$40,881 (52)	$40,111 (30)	$42,350 (20)
Female	32,895 (56)	31,623 (26)	34,193 (28)
By years in editorial:			
Up to three	$24,460 (23)	$24,331 (11)	$24,578 (12)
4-10	36,860 (48)	34,898 (26)	39,591 (21)
More than 10	44,831 (35)	44,363 (18)	45,204 (15)
Eligible for bonus/incentive:			
Yes	$33,769 (48)	$32,950 (23)	$33,982 (24)
No	38,966 (59)	38,115 (32)	41,201 (24)
Responsible for:			
One magazine	$38,464 (82)	$37,839 (40)	$39,541 (38)
More than one	31,302 (26)	32,000 (16)	30,186 (10)
By editorial employees supervised:			
None	$35,834 (57)	$34,691 (34)	$38,548 (22)
One	27,737 (12)	26,763 (7)	29,100 (5)
2-5	40,694 (30)	42,667 (12)	39,055 (15)
More than 5	41,301 (9)	48,900 (3)	37,502 (6)
By circulation:†			
Up to 19,999	$23,776 (10)	$24,158 (9)	$20,330 (1)
20,000-49,999	31,073 (16)	31,782 (13)	28,000 (3)
50,000-99,999	31,524 (19)	30,051 (7)	31,325 (8)
100,000-499,999	43,322 (44)	45,671 (24)	40,504 (20)
500,000 and more	38,310 (19)	29,500 (3)	39,962 (16)
By frequency:†			
Weekly/biweekly	$41,328 (20)	$39,533 (17)	$51,500 (3)
Monthly	35,310 (71)	32,468 (32)	37,362 (36)
Other	37,315 (17)	44,929 (7)	33,874 (9)
By average editorial pages:†			
Up to 499	$28,199 (21)	$27,534 (10)	$30,183 (10)
500-999	37,171 (37)	38,110 (19)	35,827 (16)
1,000 or more	42,141 (36)	39,353 (19)	45,273 (16)

†Refers to the largest circulation magazine on which respondent works.

> "When I was in journalism school I was taught that journalists with honesty, integrity and ethics could change the world. I was a foolish child."
>
> **—Senior/associate editor in the South, with one year's experience, earning approximately $15,000 in salary and bonus.**

[redacted]

ther, as with other categories, average number of editorial pages is closely correlated with pay levels.

Senior/associate editor

Despite their less lofty titles, senior/associate editors earn almost the same amount, in salary and total compensation, as managing editors. Also, somewhat more of them—42 percent—are eligible for a bonus. But that doesn't help their overall pay, for they earn $2,200 less in total compensation than their counterparts who are paid only a salary.

Regional differences are slight among senior/associate editors. The Northeast still leads the pack, but by an insignificant $500 over the South and only $4,500 over those in the lowest paid region—the North central. Female senior/associate editors have not made the same progress as editorial professionals in some other categories. They still earn only 80 percent as much in salary as their male counterparts.

The clearest correlation with compensation for senior/associate editors

is experience. Salary increases from $24,460 for those with up to three years in the business to $44,831 for those with more than 10 years. But supervisory responsibility has little impact. Those with no staff are paid $35,834; and those who manage more than five persons receive only $41,301.

Size of the magazine is less important here as well. Those on the largest magazines make only 60 percent more than those on the smallest, whereas in most other categories they make over twice as much. Indeed, the highest paid group of senior/associate editors works not on the largest magazines, but rather on publications with from 100,000 to 500,000 circulation. It still pays to be on a weekly or biweekly, where compensation levels outstrip those of publications with other frequencies.

> **"Besides offering creative freedom, I find the opportunity to work with young, innovative photographers and illustrators quite rewarding."**
>
> **—Art director in the Northeast, working on a consumer magazine with 850,000 circulation, earning $75,000.**

Art director

The factors affecting the compensation of art directors appear to be the same as those applying to editorial professionals on the writing and editing side of the business. Art directors on consumer magazines outpace their brethren on business publications by about $6,000 in salary. And they, too, find the highest paying jobs in the Northeast, where art directors average $40,470, compared with a low of $29,491 in the North central.

The data suggest that, among art directors too, the gender gap in compensation is diminishing. Over 60 percent of the art directors in this survey are female. Their salary is only 5 percent less than men's, and the total compensation of those who receive salary and bonus is 10 percent more than that

Art director

Oversees all editorial art and design work for the magazine. Oversees art production. Also heads photography and illustration.

Average salaries (The number of respondents is in parentheses.)		**% increase from '88 to '89**
All respondents	$35,628 (101)	7.4%
Business	32,631 (50)	5.8
Consumer	38,738 (48)	8.8
Top one-third	$50,964 (33)	
Middle one-third	32,802 (34)	
Bottom one-third	23,570 (34)	

	Average	**Average business**	**Average consumer**
By region:			
Northeast	$40,470 (46)	$36,093 (28)	$48,235 (17)
South	30,054 (19)	29,153 (10)	29,000 (7)
North central	29,491 (18)	27,933 (9)	31,048 (9)
Western	35,278 (18)	26,000 (3)	37,133 (15)
By sex:			
Male	$36,793 (39)	$33,146 (18)	$40,463 (19)
Female	34,896 (62)	32,341 (32)	37,608 (29)
By years in editorial:			
Up to three	$26,883 (18)	$25,444 (9)	$27,988 (8)
4-10	33,711 (56)	31,475 (29)	36,040 (26)
More than 10	47,230 (23)	41,730 (10)	52,542 (12)
Eligible for bonus/incentive:			
Yes	$33,364 (40)	$30,332 (19)	$36,106 (21)
No	37,114 (61)	34,040 (31)	40,785 (27)
Responsible for:			
One magazine	$38,950 (58)	$34,932 (23)	$41,794 (33)
More than one	31,056 (42)	30,671 (27)	31,802 (14)
By design/art employees supervised:			
None	$28,678 (23)	$27,523 (13)	$29,256 (9)
One	31,272 (17)	29,413 (10)	33,929 (7)
2-5	39,296 (54)	36,282 (27)	42,936 (25)
More than 5	40,748 (7)	0 (0)	40,748 (7)
By circulation:†			
Up to 19,999	$25,686 (10)	$25,984 (9)	$23,000 (1)
20,000-49,999	29,525 (22)	27,105 (11)	32,040 (10)
50,000-99,999	31,177 (16)	32,700 (10)	28,639 (6)
100,000-499,999	36,439 (34)	37,925 (17)	34,953 (17)
500,000 and more	54,753 (15)	44,800 (1)	58,333 (12)
By frequency:†			
Weekly/biweekly	$36,913 (15)	$39,840 (5)	$35,111 (9)
Monthly	36,620 (68)	32,033 (40)	43,838 (26)
Other	30,813 (18)	30,200 (5)	31,049 (13)
By average editorial pages:†			
Up to 499	$30,045 (38)	$29,586 (24)	$30,831 (14)
500-999	36,966 (22)	34,976 (10)	38,682 (11)
1,000 or more	42,375 (32)	37,382 (11)	46,068 (19

†Refers to the largest circulation magazine on which respondent works.

Average annual total compensation*

	Editorial management	Editor	Managing editor	Senior/ associate editor	Art director
Receive bonus/incentive:					
Yes	$76,836 (57)	$48,660 (75)	$36,778 (53)	$36,701 (46)	$34,587 (34)
No	59,675 (43)	43,546 (84)	37,736 (92)	384,966 (54)	37,114 (61)
By magazine type:					
Consumer	$84,236 (18)	$42,280 (22)	$36,930 (21)	$36,158 (24)	$36,600 (18)
Business/professional	74,590 (38)	51,309 (53)	36,679 (32)	36,711 (21)	32,323 (16)
By region:					
Northeast	$90,470 (23)	$59,342 (30)	$40,681 (27)	$37,276 (18)	$35,155 (12)
South	56,057 (7)	40,704 (12)	28,771 (7)	33,045 (7)	32,042 (6)
North central	63,735 (19)	40,556 (21)	27,484 (8)	37,205 (11)	34,875 (6)
Western	86,938 (8)	44,095 (12)	39,970 (10)	37,670 (10)	35,260 (10)
By sex:					
Male	$78,741 (43)	$54,478 (49)	$39,523 (26)	$39,569 (20)	$33,808 (13)
Female	70,986 (14)	37,696 (26)	34,136 (27)	34,494 (26)	35,070 (21)
By years in editorial:					
Up to three	$90,995 (4)	$28,856 (14)	$25,364 (12)	$25,981 (12)	$30,321 (7)
4-10	67,718 (16)	40,446 (30)	37,011 (27)	37,532 (18)	34,888 (20)
11-20	72,696 (24)	60,375 (22)	43,460 (10)	42,727 (11)	40,250 (4)
More than 20	91,875 (12)	78,213 (9)	56,000 (3)	44,225 (4)	0 (0)
Responsible for:					
One magazine	$79,363 (30)	$48,337 (58)	$39,390 (38)	$40,088 (32)	$38,796 (12)
More than one	74,029 (27)	49,764 (17)	30,163 (15)	28,959 (14)	32,043 (21)
By employees supervised:**					
None	$36,500 (2)	$31,839 (10)	$28,421 (7)	$33,633 (19)	$34,725 (4)
One	70,417 (3)	35,460 (12)	22,796 (7)	25,617 (6)	31,243 (7)
2-5	67,274 (26)	40,116 (34)	36,077 (25)	41,946 (13)	35,516 (22)
6-10	96,154 (13)	67,430 (14)	46,758 (6)	42,030 (7)	37,000 (1)
More than 10	84,331 (13)	119,529 (5)	51,033 (8)	56,000 (1)	0 (0)
By circulation:†					
Up to 19,999	$49,804 (7)	$32,033 (12)	$27,180 (10)	$28,966 (5)	$31,015 (4)
20,000-49,999	62,720 (17)	40,670 (20)	38,435 (12)	31,802 (5)	29,750 (10)
50,000-99,999	79,875 (12)	44,742 (14)	34,395 (10)	34,525 (8)	30,800 (4)
100,000-499,999	93,833 (15)	61,972 (23)	38,752 (19)	40,704 (21)	38,532 (14)
500,000 and more	99,800 (6)	66,667 (6)	68,000 (2)	36,201 (7)	45,875 (2)
By frequency:†					
Weekly/biweekly	$79,000 (6)	$66,446 (12)	$58,000 (3)	$40,242 (6)	$44,650 (2)
Monthly	76,711 (40)	47,392 (46)	36,082 (36)	35,996 (35)	34,518 (25)
Other	76,112 (11)	39,537 (17)	34,021 (14)	37,386 (5)	31,957 (7)
By average editorial pages:†					
Up to 499	$67,312 (18)	$37,164 (31)	$28,468 (15)	$28,929 (8)	$29,943 (15)
500-999	78,038 (20)	46,718 (20)	37,550 (20)	37,496 (17)	34,352 (5)
1,000 or more	83,331 (16)	63,290 (21)	43,602 (17)	40,437 (14)	39,146 (12)

***Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.**

****Indicates editorial employees for all job titles except art director, where numbers refer to design/art personnel.**

†Refers to the largest circulation magazine on which respondent works.

of their male counterparts. Experience, once again, is the key factor. Art directors starting out in the industry average $26,883, while those with 10 or more years' experience average $47,230. Managerial responsibility also directly affects pay. The salary of art directors who supervise only one person, or no one, averages $29,780, those who manage two or more employees average $10,000 more.

Size of the magazine is important as well. There is a slow, steady progression in salary, from $25,686 at the smallest publications to $36,439 at those with up to 500,000 in circulation; it then jumps $18,000 to $54,753 at magazines with over 500,000 circulation, fueled mainly by salary levels at large consumer publications. Periodicity, on the other hand, is less significant. Art directors on weeklies, biweeklies and monthlies all average the same salary, although they do outpace their counterparts on magazines with other frequencies.

> **"The editorial product is your most important sales tool. I wanted to have an influence on the core of the product."**
>
> **—Editorial manager in the South, working on a consumer bimonthly, earning $40,000 in salary.**

[redacted]

As we have seen in some other categories, eligibility for a bonus doesn't necessarily yield higher pay. Art directors earning only salary are paid over $2,500 more than the salary plus bonus of those receiving both kinds of compensation, and the salary of the top one-third of art directors is almost $51,000, which is $14,000 more than the total compensation of the top one-third of art directors receiving salary plus bonus.

Bonus/incentive payments

As the chart on total compensation indicates, bonus/incentive payments are a prime ingredient in the compensation of editorial management and, to a lesser extent, of editors. But they are of relatively little import in the pay levels of the other job categories in this survey. The chart breaking down total compensation into top, middle and bottom thirds reinforces this conclusion, for the total compensation of the top third of managing editors, senior/associate editors and art directors who receive a bonus is actually less than the salary alone of the top third of editorial professionals in each of those categories.

Of the respondents to this survey, 54 percent of editorial managers are paid a bonus, while 44 percent of editors and senior/associate editors, 35 percent of art directors, and 34 percent of managing editors receive bonuses. It should be noted that the categories with the lowest percentage of respondents receiving a bonus also have the highest percentage of women.

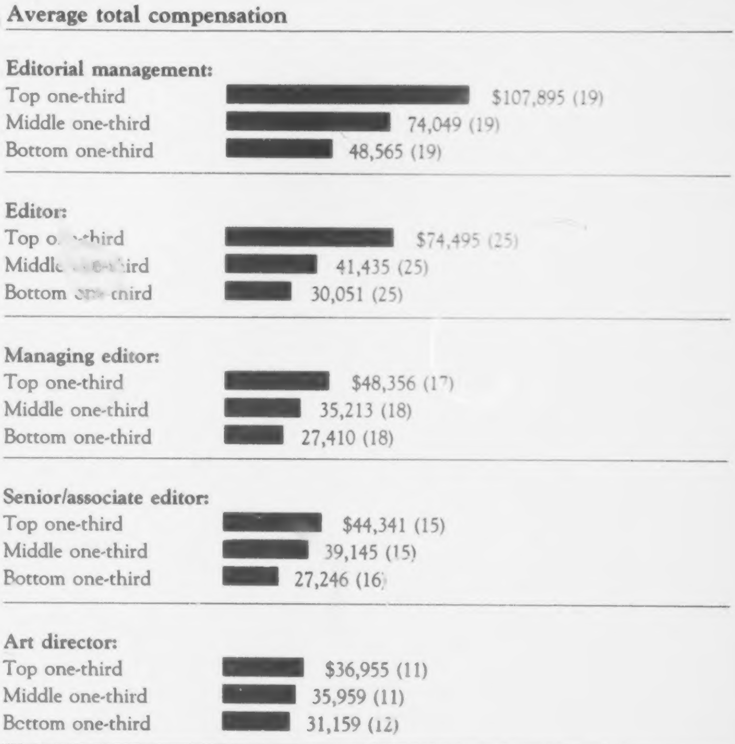
The relationships and correlations between salary and size of magazine, region, experience and the like that we examined earlier remain generally the same for total compensation. Further, it appears that bonuses are paid at small magazines as well as large, and in generally the same proportion without regard to periodicity or region. Thus, these programs appear to be largely a function of compensation philosophy and, probably, profitability.

Notwithstanding all the data on various factors that affect pay, at bottom it is the ability and dedication of the individual that ultimately determines his or her reward. Two aspects of editorial work that these professionals say they cherish are its variety and immediacy. Each story and each issue brings a fresh challenge. When that challenge has been met, the result of the work of those professionals is there for all to see. And the financial rewards are there as well, as the data in this survey indicate, for those who meet that challenge with talent and energy. ☐

> **"I enjoy the short-term gratification of seeing the results of my efforts in a finished product every month."**
>
> **—Editor in the Northeast, with 12 years' experience, earning salary and bonus in the mid-fifties.**

[redacted]

Range of average total compensation*



*The number of respondents is in parentheses; includes only individuals who reported receiving both salary and bonus.

Methodology

Seven hundred thirty-one of the 1,382 editorial professionals who received questionnaires responded to FOLIO:'s fifth annual editorial salary survey, resulting in an overall response rate of 52.9 percent. Of the total responses, 646 (46.7 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in January. Participants were asked to supply data reflecting 1989 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if an editorial professional indicated that his or her annual bonus would be between $10,000 and $12,000, the arithmetic mean of $11,000 was used as that respondent's expected bonus for the year.

The sample was evenly divided among the five categories of editorial professionals. Each category was also evenly divided between consumer and business publications; and two-thirds of the sample was drawn from magazines with under 100,000 in circulation, while one-third came from magazines with over 100,000.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

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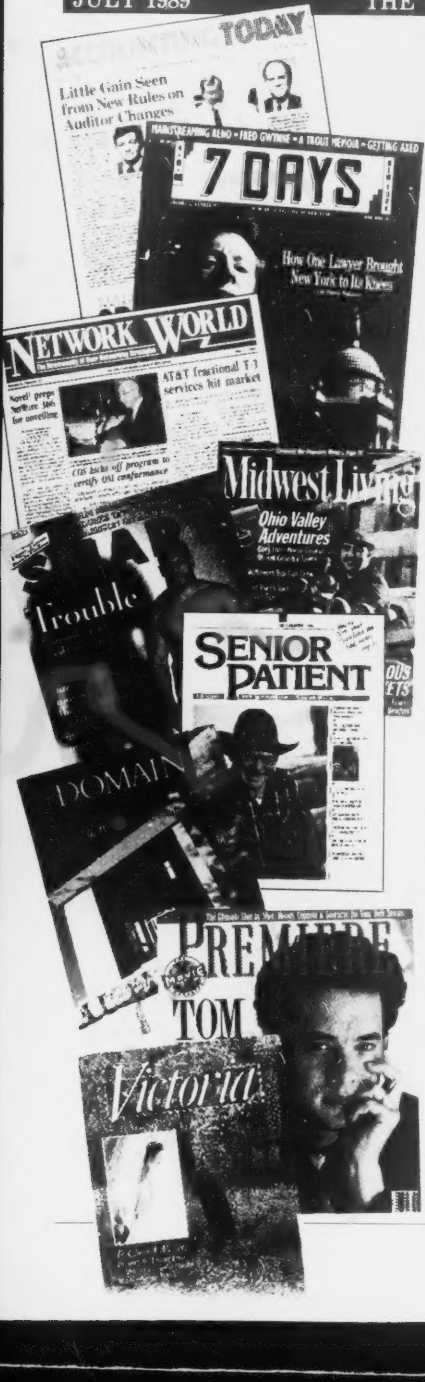
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SENIOR PATIENT
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Victoria

Launches: Learning from the pros

Nine experienced publishers share the inside stories of their launches. Working within existing publishing companies, they faced challenges different from those encountered by entrepreneurs. Some did exhaustive research; others just said, "Let's do it." But in all cases, the strategic thinking, planning and problem-solving involved provide valuable lessons. **100**

Circulation's new role

The advent of target marketing and the technology to do it mean that circulators of the future will be the nerve centers of a publishing enterprise. They will not only be directing source acquisition, but marshaling the data needed to sell ads and guide new product development. **115**

Business magazine ad pages up slightly

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Perfect-bound titles offered new technology

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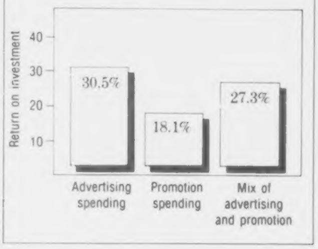
Ad dollars win in battle for profits



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(unfold ——→)

July 1989

More printers offer ink-jet 23

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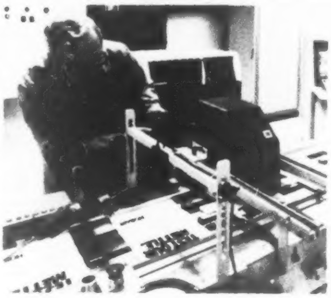

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return phone calls.

"For the small guy, this is devastating," says Ron Scott, newsstand circulation consultant. Indeed, publishers usually count on the national distributor's advance payment (issued 10 to 30 days after an issue is shipped to the newsstand) to pay printing bills. They also receive two later payments from their national distributors: 90 days and 120 days after sale. Sources now speculate that publishers will be lucky to get 10 cents on every dollar owed them.

To protect themselves, 30 publishers formerly serviced by Select, including Meredith, Viare Publishing, The Starlog Group and Raben Publishing, have hired a lawyer to represent them, says Kanter. "One of the concerns is the bankruptcy judge and bankruptcy trustee, both of whom have not dealt with this industry," says Kanter. "We have to have a unified group to guide them."

Certainly the first to stand in line for Select's assets, estimated at several million dollars, will be secured creditors, such as those that loaned money for equipment. Investor Riordan, chairman of Family Media, is reported to be fighting for a share of what is left, although he could not be reached for comment.

"No doubt the publishers will take the biggest bath," says John Harrington, president of the Council for Periodical Distributors Associations, "but wholesalers will suffer, too." Indeed, Harrington estimates that half of the approximately 400 wholesaler agents were owed money from Select—and some of them reportedly are taking it out on their publisher clients.

Traditionally, wholesalers advance payments to the national distributor for the allotment of magazines, even though up to 70 percent may ultimately be returned unsold. The national distributor then owes the wholesaler for these returned copies. Some wholesalers who have been left with debt have asked publishers directly to honor the returns, with a few even threatening not to service publishers who do not make this promise.

Several national distributors were angered by this move, and advised publishers to contact them if the wholesalers don't ease up, according to Frank Herrera, president of ICD/The Hearst Corporation.

"The wholesalers made some enemies with this move," says the circulation director of a small title.

Adding to the tangle are angry retailers who are still owed retail display allowance (RDA) payments from Select. The national distributor may have stopped issuing RDA payments for as many as six financial quarters before it filed for bankruptcy, say several sources. At least one supermarket chain, Albertson's, Inc., wrote publishers with a reminder that the RDA pay-

(CONTINUED ON PAGE 38)

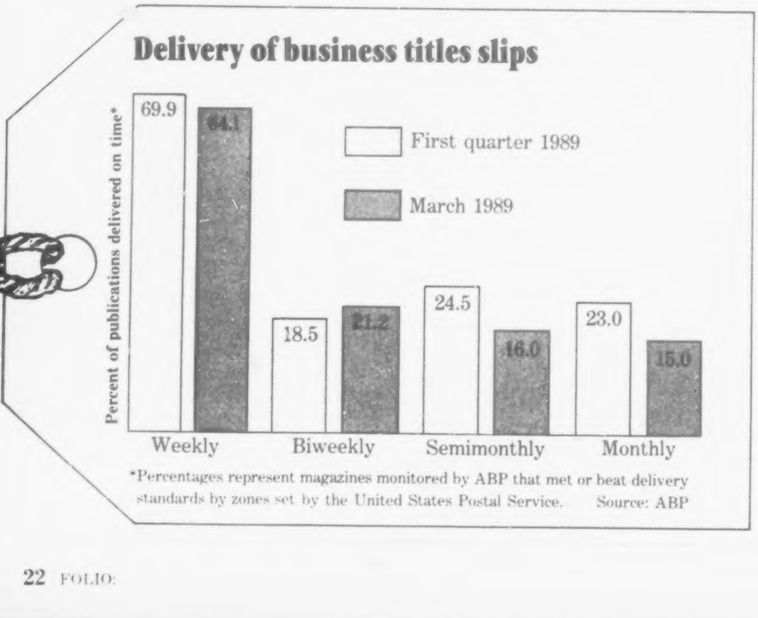
Second class delivery worsens

Business titles suffered in March, states ABP data

Washington, D.C.—Second class delivery took a big drop for semimonthly and monthly publications in March, according to figures newly released from the Association of Business Publishers (ABP).

Although the ABP has been monitoring postal delivery for three years, the organization is only now releasing the figures, which show a bad situation getting worse.

On-time delivery for semimonthlies, by USPS standards, was down from 24.5 percent in January-March to 16 percent in March, and dropped from 23 percent to 15 percent for monthlies.



Delivery of business titles slips

*Percentages represent magazines monitored by ABP that met or beat delivery standards by zones set by the United States Postal Service. Source: ABP

Service was better, however, for weeklies and biweeklies, also monitored by ABP.

Part of the problem with monthlies, says Richard Moeller, chairman of ABP's Washington legal committee, is that only enough brown bags are currently available for weeklies. The rest of second class mail is still delivered in white bags, which don't get priority treatment. Although second class publications in white bags have red tags to flag special treatment, this doesn't seem to be enough, according to Moeller.

"Perhaps the lack of brown bags isn't the only reason postal service is worsening for monthlies, but it does appear to have an effect," he adds. ABP is pushing the Postal Service to spend the $10 million necessary to purchase more brown bags.

Currently, 40 publications are participating in the monitoring program; ABP is seeking more magazines for the program, and monthly figures will now be available to the press.

For the last three years, ABP Washington representative Robert Wyman has been meeting with the assistant postmaster general to discuss delivery data region by region. "The post office claims they take the information back to the regions to improve service," says Moeller. But have the meetings helped improve service? "You can see the data," he says.—*B.L.*

Advertising yields higher ROI than sales promotion

Study results are contrary to most marketing plans

New York City—Advertising produces a greater return on investment than sales promotion, according to a recent study completed by the Ogilvy Center for Research & Development together with the Strategic Planning Institute (SPI).

Although the study does not distinguish between print ads and broadcast, "I think the Ogilvy study is right on the mark," says Gloria Scoby, publisher, *Crain's Chicago Business*, and marketing director for the Association of Area Business Publications. "When a study like this is published, sales representatives throughout the country pick up the ball and run with it."

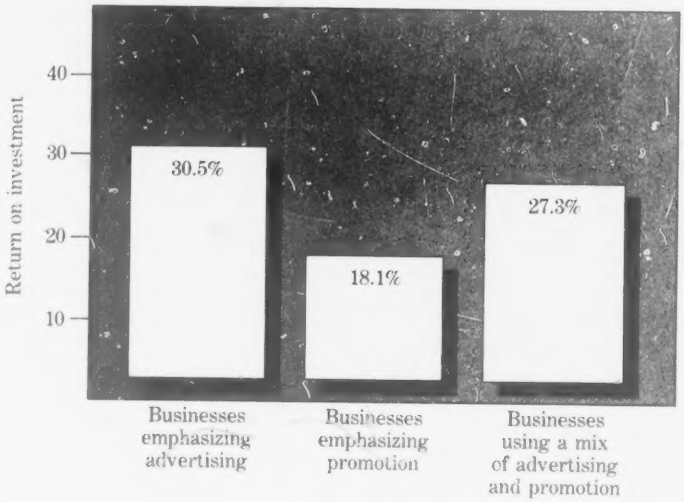
The study measured both the amount of money spent and the profitability of advertising and promotion for 314 consumer nondurable businesses. SPI's consumer goods database includes both marketing and financial information over the past four years.

Results showed that companies spending 66 percent of their marketing dollars in advertising had an average return on investment (ROI) of 30.5 percent; firms that spent 77 percent of their budgets on promotion had an ROI of 18.1 percent. Companies with a mixed budget, spending 44 percent of their dollars on advertising and 56 percent on promotion, enjoyed an ROI of 27.3 percent.

Most businesses, however, spend most of their marketing dollars on promotion. A 1988 *Wall Street Journal* article found that businesses allocated 60 percent of their budgets to promotion and only 40 percent for advertising.

"It is clear that there is a positive relationship between the emphasis on investment in advertising and profitability," says Alexander Biel, executive director of the Ogilvy Center for Research & Development. "Conversely, those businesses that allocate most of their marketing budgets to promotion tend to have lower profit margins and rates of return on investment."—*K.S.*

Ad dollars win in battle for profits



***Although return on investment** is clearly higher for advertising, most businesses spend 60 percent of their marketing budgets on promotion.*

Fax reader service offered by CMP

Direct ad response eliminates mail delay

Manhasset, N.Y.—A fax inquiry sheet has replaced reader service cards inside every edition of *Electronic World News*, CMP Publications Inc.'s latest launch. The sheet, which enables readers to contact advertisers directly, is faster than reader service cards, which travel through the mail.

ELECTRONIC WORLD NEWS
FAXINQUIRY
YOU REACH THE WORLD WITH ELECTRONIC WORLD NEWS...
HERE'S HOW THE WORLD REACHES YOU...

***Fax inquiries** are a time-saver for the title's primarily international readership.*

"We feel it takes too long to process requests," says Noah Osnos, the magazine's marketing manager. "An advertiser wants a quick response." Although the fax inquiries don't allow the magazine to track response, "we'll get pretty good feedback from our customers," says Osnos. "We tend to develop a good relationship with our advertisers. They'll tell us."

In fact, Osnos says advertisers have approached CMP about adding fax inquiry sheets to the company's other magazines. *Electronic World News* will also include a sheet that enables readers to qualify for a subscription by fax.

Facsimile communication, he adds, is especially important because *Electronic World News'* 32,000 circulation is primarily international. Readers can contact advertisers directly and get exact information instead of receiving literature on numerous products.

"In certain high-response industries, like electronics, it seems to me it's

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Folio: AUGUST 1989

FOLIO:'s 1989 production salary survey . . . page 115

Folio:

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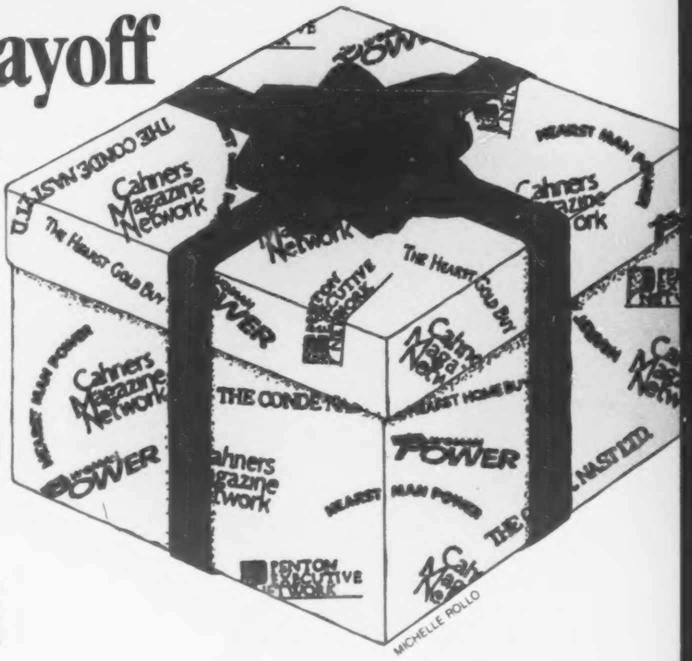
The ad package payoff

If you are seeking new sources of ad revenue, if you suffer from year-end cancellations, if your magazine is too small to sell ads to certain accounts that like the quality of your audience, if your ad sales expenses are too high compared to revenue, or if you want to consolidate your growth and protect your market share, check out corporate or group magazine ad packages. **101**


Cahners Magazine Network
THE CONDE NAST LTD.
THE HEARST GOLD BUY
HEARST MAN POWER
WOMAN POWER
THE HEARST HOME BUY
PENTON EXECUTIVE NETWORK
MICHELLE ROLLO

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Nothing since hot type has had the potential to change publishing as radically as selective binding. So why has it been so slow to catch on? **108**

REAL-LIFE GHOST BUSTERS AT WORK
McCall's
COSMETIC SURGERY: Costs, Risks, Results
PRISCILLA PRESLEY
FamilyCircle
10 BEST
100 Ways to Beat the Heat!
MOUTH-WATERING DESSERTS
FUN IDEAS FOR KIDS
NO-SWEAT BEAUTY
BEST BATHING SUIT FOR YOUR BODY
ROOM-BY-ROOM MAKEOVER
REDO LAMPS, RUGS, CHAIRS, WINDOWS— IT'S EASY!
HOW GENES AFFECT YOUR HEALTH
MINI GARDENS... MINI WORK!
QUICK LOW-COST MEALS DINNER FOR FOUR—UNDER $7

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The combination of *McCall's* with *Family Circle* leaves *Woman's Day* as the lone solo sister. But the combination won't mean automatic rejuvenation for the title now best known for negotiating ad rates. **53**

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Of the 17,000 magazines published in the United States, not more than 150 can be taken abroad successfully, says an international publishing expert. Is your magazine one of them? **26**

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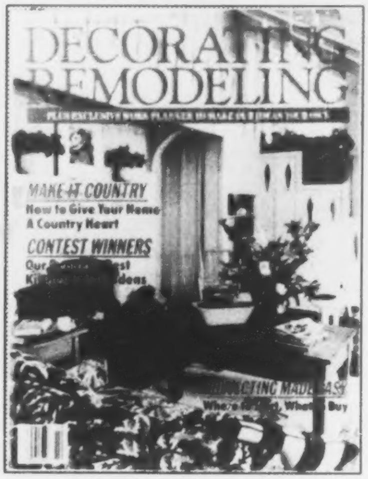

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UPDATE

Magazine profits slip to 12.4%

Paper and postal cost pressures take inevitable toll on bottom line, MPA/Price Waterhouse survey reveals

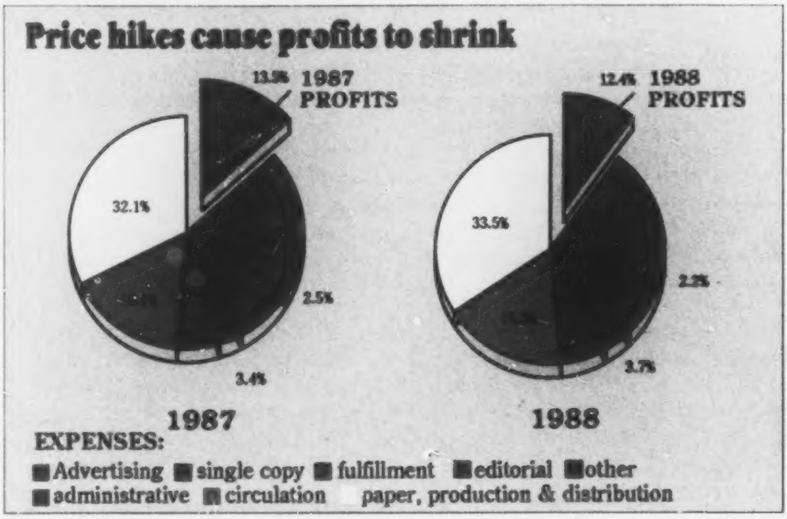
■ *New York City*—If you thought that consumer magazines' pre-tax operating profits would drop last year because of unprecedented cost pressures, you were right.

The average pre-tax operating profit earned by 167 consumer magazines surveyed last year came to 12.4 percent, dropping more than a percentage point from the previous year's all-time high of 13.5 percent (based on 152 magazines), according to the latest Magazine Publishers of America (MPA)/Price Waterhouse annual financial survey. "The decline was foreseeable due to the substantial paper and postage increases of late 1987 and early 1988," states the MPA.

Until last year, profits had been on the rise. In 1985, 169 magazines reported an average 9.7 percent operating profit; a year later, profits averaged 11.0 percent.

But in 1988, combined paper, production and distribution costs increased as a percentage of total magazine revenue, from 32.1 percent in 1987 to 33.5 percent in 1988, according to the survey. Circulation costs, too, driven by the rise in third class rates, increased from 16.4 to 16.8 percent. Additional costs on the upswing include administrative and miscellaneous operating expenses—data processing, overhead, accounting, auditing and legal.

In all, total magazine costs rose from 86.5 percent of gross revenues in 1987 to 87.6 percent of revenues last year, bringing profits down to 12.4 percent.



Source: MPA/Price Waterhouse

Increases in paper, promotion and administrative costs failed to offset declines in advertising and single-copy expenses.

Despite the overall increase, some costs declined. Fulfillment costs, aided by the continuing decline in pricing, slipped from 2.5 percent to 2.2 percent of revenues last year. Single-copy expenses—largely commissions to wholesalers—fell from 8.4 percent to 7.4 percent, as a result of the decline in single-copy sales. Advertising costs decreased from 9.3 percent to 9.0 percent—a reflection of the decline in trade advertising, notes Robert Farley,

(CONTINUED ON PAGE 25)

Circulation/ad picture remains healthy

But look out for single-copy slump, tighter ad market

■ *New York City*—The magazine industry is basically healthy. Share of media ad dollars is stable, circulation revenues are spiraling past advertising income, and magazines' ability to deliver targeted audiences ensures a rosy future.

But those same ad dollars are being split among more magazines; rate card negotiations are continuing to grow along with postal, paper and production costs; and advertisers are increasingly skeptical about the effectiveness of their ads.

These are the views of Sandra Rifkin, editor in chief of *Marketing & Media Decisions*, and Donald Kummerfeld, president of Magazine Publishers of America (MPA), who spoke about the state of the magazine and advertising industries at the recent Mergers & Acquisitions Conference cosponsored

Corrections

An Update on list brokerage commissions in the June 1989 FOLIO:, page 20, incorrectly identified *Harper's Magazine*, *New England Monthly* and *Texas Monthly* as clients of The Kleid Company, which pays 10 percent list brokerage commissions. The lists of the magazines, formerly managed by Kleid, are now managed by CompuName, which pays 20 percent commissions.

Computer & Software News, featured in a July Briefing, was inaccurately referred to on second reference as *CSN*, rather than *C+SN*. The letters *CSN* commonly refer to *Computer Systems News*.

The Heritage Hill area of Grand Rapids, referred to in July's Update, " 'Historical' supplement pulls in new revenues," consists of 1,300 homes, 12 of which are featured in a house tour supplement published by *Grand Rapids Magazine*. The title's assistant sales manager is Kimberly Racette.

Magazine profits slip

(CONTINUED FROM PAGE 17)

MPA senior vice president.

For the first time since 1984, advertising revenues, as a percentage of overall revenues, increased. After falling continuously from 51.2 percent of revenue in 1984 to 47.3 percent in 1987, ad revenues came back up to 48.4 percent last year. Circulation revenues, meanwhile, declined as a percentage of the total from 52.7 percent in 1987 to 51.6 percent last year, after being on the rise for the previous several years.

Why the switch? Last year—an Olympic and presidential election year—was healthy for consumer magazine advertising, as overall revenues jumped 8.7 percent. But now, Farly says, "it's too early to tell" whether the trend of the past half-decade is over.

Meanwhile, the big reason for circulation's revenue decline was the drop of single-copy sales from 15.6 percent to 14.6 percent of revenues. Gross subscription sales remained about the same.—*M.G.*

Time Inc. battle

(CONTINUED FROM PAGE 18)

to the Publishers Information Bureau.

"You can operate [the magazines] on a fairly limited equity," says J. Kendrick Noble, first vice president, Paine Webber. "Therefore, I don't think they'd be attractive candidates for disposition." Moreover, analysts say, the capital gains taxes on the magazines, many of which Time started, would be enormous.

The cashflow and prestige of the titles, analysts argue, would also likely sway Paramount from selling them, if it wins its bid to buy Time at $200 a share, creating a $12 billion debt. If sold, the magazine division is estimated to be worth $3.8 billion; the book division, $1.2 billion; HBO and home video operations, $1.3 billion; and the cable television operations, $6.7 billion, according to Shearson Lehman Hutton figures.

The odds of Paramount selling the magazine chunk are "less than 50-50," according to Jay Nelson, manager of the research department of Brown Brothers Harriman & Co. Splitting off titles from the division wouldn't make sense, either, he adds, if it disrupted Time Inc.'s ad network, Maxplan.

If assets must be sold, Nelson and Noble agree that a logical first choice would be parts of Time's book division—particularly textbook publisher Scott, Foresman & Co., which overlaps with Paramount's Prentice Hall.

But some analysts say a magazine sale by Paramount is more likely. First, Paramount has almost no experience in the magazine business, having only once tried and failed to spin off a publication from the TV show "Entertainment Tonight." Second, they say, the sale of smaller divisions, like the books, would not go very far in reducing the looming debt load.

"If the magazine section's cashflow becomes weaker, the debt load may overwhelm them," says an analyst at a major securities firm. "Media people are crazy when they say Time can't sell *Time* magazine. It's only a business."

Other factors could argue for a magazine sale. The possibility of a recession next year, for example, would slow cashflow of many of Time Inc.'s businesses, making debt payments more difficult to meet. Rising interest rates would also make debt service more difficult. And if the bidding process continues to leap, the higher the price, the larger the debt, and the more likely the sale of assets.

"If business conditions weaken, cashflow becomes restricted, and debt load becomes a real problem, Paramount will have to do something," says a source. "But that still doesn't mean it would sell the magazine division. There are other things it could sell first."—*M.H.*

Employees take it hard

New York City—The Time Inc. that was, is no more and will never return. That's the feeling among both short- and long-term Time employees, shaken by the ownership battle and certain, deep debt.

"If this is the way corporate America will proceed, why should there be any employee loyalty at all?" asks a 30-year veteran. "Employees are not commodities to be bought and sold."

Under Time Inc.'s stock plan, employees with 10 to 15 years of experience could profit handsomely if Paramount's higher bid ultimately wins. But those who profit, they say, might also lose their jobs. Accordingly, sources say, most favor the Warner deal.

Sources agree that most of the constant chatter in the hallways immediately following Paramount's hostile bid has now died down. "After a while you say what the hell," says one. While no one has quit, hiring has become more difficult.

Most sources expressed regret that the original offer to merge with Warner—a deal that would have produced little debt—is no longer possible, and that this may have marked the end of an era for Time Inc. "Time started *Sports Illustrated* in 1954 and it didn't make a profit for 10 years," says one veteran. There was profit-sharing then, too, and we bitched about it. There is no way this company could [nurture unprofitable titles] again."—*M.H.*

FOLIO:'s 1989

Production salary survey

Pay distinctions among production directors, based on criteria like size of magazine or years in the business, are substantial

BY ROBERT M. STEED

The responses to FOLIO:'s fifth annual production salary survey paint a picture of a group of dedicated professionals working under high pressure to ensure that their magazines are produced on time, within quality standards, and on budget—perhaps the toughest obstacle of all.

Although typically responsible for the largest part of a magazine's expense budget, production executives appear to be paid less, on average, than many of their counterparts in other magazine functions. As one production director put it, "It's a challenge to accurately develop and maintain a $3.5 million manufacturing budget for two magazines while earning 0.69 percent of that budget."

Some hypotheses that might explain those pay levels, at least in part, lie in the mix of responses to this survey. For example:

- Although 53 percent of the questionnaires were sent to people whose masthead designation suggested they were production *directors*, almost two-thirds of the responses came from people who said they were production *managers*. This strongly suggests that many production directors (on the masthead) found the job description of production manager more in line with their responsibilities. It may also imply that some publishers are using title, as opposed to salary, as a reward.
- Responses from production directors were skewed toward larger magazines. One-third of the sample was directed to magazines with over 100,000 circulation. Yet 50 percent of the responses from production directors came from those magazines. The strong relationship between size of magazine and pay may account for some of the overall pay difference between directors and managers.

Looking at the survey responses in more detail, some other general conclusions can be stated:

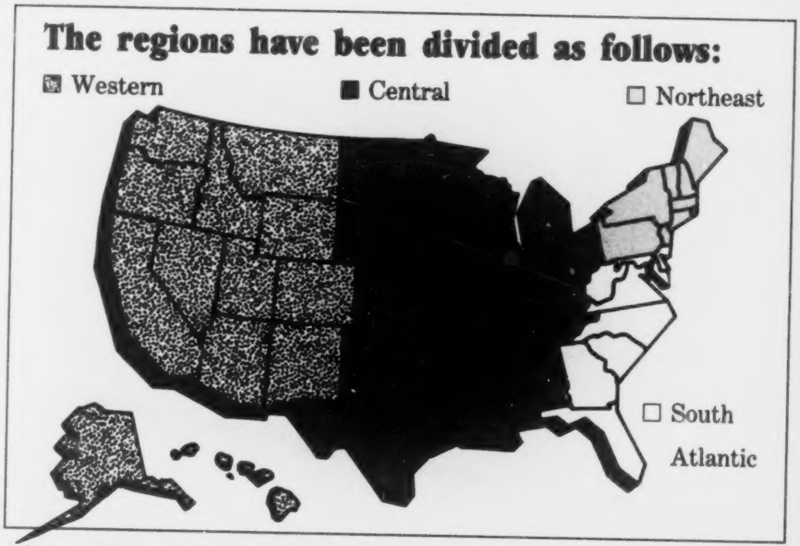
- Pay distinctions among production directors, based on criteria such as size of magazine or years in the industry, are substantial. Among production managers, those distinctions are far smaller.
- A majority of both directors and managers are responsible for more than one magazine.
- Although half the directors and over 70 percent of the managers are female, women trail men in earnings by a substantial margin.
- There is relatively little difference in pay between directors and managers working on consumer versus business magazines.
- These respondents have exten-

PHOTOGRAPHS BY PAUL MCGUIRK

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm that uses improvisational dramatizations to provide corporate clients with a broad range of programs for seminars, conferences, training courses and communications efforts. Before cofounding Performance Plus . . . , he was vice president and director of personnel of Time Inc.

> “Trimming the fat out of in-house and pre-press costs through appropriate use of new technologies keeps me busy.”
>
> —Production director working on a consumer monthly with circulation of more than 200,000, earning salary and bonus in the low forties.

The regions have been divided as follows:



sive experience. Over half the directors and 22 percent of the managers have been in production more than 10 years.

Production directors

The salary of production directors averages $45,828, and is essentially the same for those working on consumer and business magazines. Among those eligible for a bonus, total compensation jumps to $53,299, partly because of the bonus and partly because the salary alone of directors eligible for a bonus is about $3,500 more than the salary of those who are not eligible.

As is true of all other groups participating in FOLIO: salary surveys, production directors in the Northeast earn substantially more than their counterparts in other parts of the country. They are 16 percent ahead of the nearest group (in the West) and 33 percent in front of the lowest paying area of the country—the South Atlantic.

The salary of female directors is only 73 percent that of men, although they hold down half the director jobs. That ratio falls to 66 percent on a total compensation basis; and a greater proportion of men receive bonuses besides. Because this survey tests only one variable at a time (see box on using the numbers), it is not possible to tell how much of this outcome results from factors other than sex—for example, size of magazine or experience.

Using the numbers

It is important to use the salary information in this survey cautiously. In many instances, there were not enough respondents in certain subcategories to allow valid conclusions to be reached, because even one exceptionally high or low salary could affect the average dramatically. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses). In addition, not all respondents answered all questions. Therefore, the total number of respondents in the “average” column of a chart is not necessarily the sum of the subcategories.

The survey also examines only one variable at a time. For example, production directors in the Northeast earn higher salaries than their peers in other regions. But are those in the Northeast who participated in the survey working on larger magazines? Are they the ones with the most experience? The survey methodology does not enable these multiple variables to be analyzed.

One should also be cautious about comparing the data in this survey with data from prior years. Because the sample is drawn randomly from mastheads each year, those who responded to this survey may well come from a different mix of magazines or demographics than respondents to prior surveys. Comparisons are thus best made not on the broad averages, but on the more detailed breakdowns by magazine size, respondents’ experience, and the like.

And experience is clearly an important factor. Directors who have been in production over 20 years—fully 19 percent of the sample—earn salary about twice that of those in the business less than four years. The data further suggest those substantial rewards take a long time to earn. For example, the total compensation of directors with over 20 years’ experience is a very respectable $77,535, almost $20,000 more than those with 11 to 20 years in the business.

Working on weeklies or biweeklies also helps. Directors on those magazines earn about $7,000 more than their counterparts on monthlies and over $11,000 more than those on magazines with other frequencies.

Running throughout the data, the indicators that most clearly predict salary and total compensation are size of the magazine and scope of the director’s responsibility, with the sharpest jumps coming at the upper end of those indicators. For example:

- The salary of directors on magazines with over 500,000 circulation is more than $12,000 higher than for those on magazines with 100,000 to 500,000 circulation; and they, in turn, earn $12,000 more than those in the lowest paying circulation bracket. Oddly, directors on the very smallest magazines (up to 20,000 in circulation) actually earn more than those in the next lar[illegible]oup.
- This [illegible]ern of slowly increasing salaries followed by a large jump in the highest grouping is repeated when we examine average pages produced, where directors responsible for 3,000 or more pages per year earn $12,000 to

> "Turnover's a problem. Production people work in a high pressure area and eventually get fed up with the low pay and long, frustrating hours."
>
> —Production director in the Midwest with 20 years' experience, earning $90,000 in salary and bonus.

[redacted]

$16,000 more than those in any other size grouping.

- Directors on larger magazines probably also have larger staffs, accounting for the fact that directors who supervise more than five people receive salaries of $58,168, which is $16,000 higher than those with a staff of two to five. The total compensation of those who receive a bonus jumps to $74,309, again far higher than any of their peers with less supervisory responsibility.
- Being responsible for more than one magazine is also a clear indicator of higher earnings, with those directors receiving 20 percent more in salary (and 25 percent more in total compensation) than directors with just one magazine under their purview.

All of this indicates that, over the long haul, production directors—at

Production director

Production director (may be called vice president of production): Negotiates printing, typesetting and engraving contracts; establishes production schedules. Oversees individual production managers and advises on technical matters; is directly responsible for quality control.

Average salaries (The number of respondents is in parentheses.)

		% increase from '88 to '89
All respondents	$45,828 (153)	7.9%
Business	45,752 (82)	7.2
Consumer	45,747 (67)	8.9
Top one-third	$66,015 (51)	
Middle one-third	42,486 (51)	
Bottom one-third	28,983 (51)	

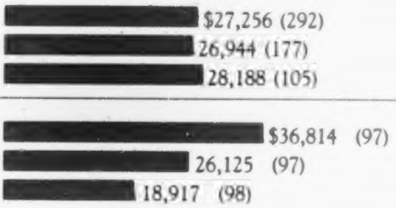
	Average	Average business	Average consumer
By region:			
Northeast	$51,951 (64)	$51,381 (35)	$52,640 (29)
South Atlantic	38,908 (24)	42,060 (13)	35,182 (11)
Central	40,404 (34)	38,947 (18)	43,407 (14)
Western	44,494 (31)	44,094 (16)	41,831 (13)
By sex:			
Male	$52,906 (76)	$54,025 (39)	$52,086 (33)
Female	38,843 (77)	38,248 (43)	39,594 (34)
Eligible for bonus/incentive:			
Yes	$47,691 (72)	$47,338 (37)	$48,447 (34)
No	44,173 (81)	44,448 (45)	42,965 (33)
By years in production:			
Up to 3	$30,973 (11)	$26,167 (3)	$32,775 (8)
4-10	41,600 (62)	38,363 (28)	42,970 (32)
11-20	46,244 (50)	47,330 (33)	45,687 (15)
More than 20	60,073 (29)	57,618 (18)	64,091 (11)
Responsible for:			
One magazine	$40,763 (62)	$42,815 (29)	$38,959 (33)
More than one	49,062 (88)	47,020 (51)	52,255 (33)
By employees supervised:			
None	$38,458 (12)	$34,200 (5)	$42,583 (6)
One	39,964 (23)	39,109 (14)	41,294 (9)
2-5	42,069 (77)	43,418 (41)	40,834 (35)
More than 5	58,168 (40)	56,955 (22)	59,335 (17)
By circulation:†			
Up to 19,999	$39,492 (13)	$40,300 (11)	$35,050 (2)
20,000-49,999	36,143 (29)	38,880 (23)	25,650 (6)
50,000-99,999	41,953 (34)	42,916 (19)	42,000 (13)
100,000-499,999	48,151 (52)	54,219 (26)	42,083 (26)
500,000 and more	60,796 (25)	63,000 (3)	60,045 (20)
By frequency:†			
Weekly/biweekly	$52,310 (29)	$49,726 (19)	$57,220 (10)
Monthly	45,254 (98)	45,321 (55)	44,696 (42)
Other	41,179 (24)	39,669 (7)	41,040 (15)
By average total pages produced annually:†			
Up to 499	$40,132 (12)	$45,547 (4)	$37,425 (8)
500-999	40,544 (25)	41,056 (16)	39,633 (9)
1,000-1,499	43,049 (36)	43,738 (21)	38,558 (13)
1,500-2,999	44,581 (32)	40,680 (16)	48,481 (16)
3,000 or more	56,030 (40)	55,510 (21)	57,806 (18)

†Refers to the largest circulation magazine on which respondent works.

Production manager

Production manager: Directly responsible for daily production operations, including publication paste-up, quality control and maintaining production schedules. Is liaison with printing plant. May traffic advertising and editorial materials.

Average salaries (The number of respondents is in parentheses.)



		% increase from '88 to '89
All respondents	$27,256 (292)	9.3%
Business	26,944 (177)	8.8
Consumer	28,188 (105)	9.8
Top one-third	$36,814 (97)	
Middle one-third	26,125 (97)	
Bottom one-third	18,917 (98)	

	Average	Average business	Average consumer
By region:			
Northeast	$30,276 (106)	$29,310 (64)	$32,480 (39)
South Atlantic	25,444 (36)	25,598 (20)	25,500 (14)
Central	24,851 (94)	25,088 (70)	23,628 (22)
Western	26,596 (55)	27,178 (23)	26,937 (29)
By sex:			
Male	$30,995 (78)	$31,156 (45)	$31,212 (31)
Female	25,846 (213)	25,428 (131)	26,920 (74)
Eligible for bonus/incentive:			
Yes	$26,253 (122)	$25,338 (73)	$27,580 (46)
No	27,977 (170)	28,071 (104)	28,661 (59)
By years in production:			
Up to 3	$23,017 (90)	$22,981 (61)	$23,548 (26)
4-10	27,500 (136)	26,626 (77)	28,719 (56)
11-20	32,606 (52)	34,012 (28)	31,372 (22)
More than 20	32,370 (13)	33,366 (10)	49,000 (1)
Responsible for:			
One magazine	$27,240 (126)	$25,964 (68)	$28,801 (52)
More than one	27,216 (165)	27,477 (108)	27,586 (53)
By employees supervised:			
None	$24,475 (94)	$23,925 (64)	$26,440 (28)
One	26,575 (61)	26,995 (38)	25,440 (20)
2-5	28,793 (102)	28,131 (56)	30,302 (43)
More than 5	31,707 (33)	34,279 (17)	29,113 (14)
By circulation:†			
Up to 19,999	$24,045 (60)	$24,809 (44)	$21,864 (14)
20,000-49,999	24,035 (82)	25,134 (60)	21,937 (19)
50,000-99,999	28,260 (55)	28,015 (34)	29,140 (19)
100,000-499,999	30,416 (66)	30,846 (30)	29,974 (35)
500,000 and more	36,351 (21)	34,250 (6)	37,191 (15)
By frequency:†			
Weekly/biweekly	$30,493 (28)	$31,847 (19)	$26,963 (8)
Monthly	27,005 (206)	26,033 (129)	29,077 (73)
Other	26,566 (54)	27,490 (28)	25,890 (24)
By average total pages produced annually:†			
Up to 499	$24,391 (45)	$24,932 (32)	$23,062 (13)
500-999	25,372 (79)	24,946 (49)	26,375 (28)
1,000-1,499	27,178 (63)	27,257 (32)	27,839 (28)
1,500-2,999	30,186 (62)	29,185 (38)	32,248 (22)
3,000 or more	31,398 (22)	31,293 (14)	31,583 (8)

†Refers to the largest circulation magazine on which respondent works.

least on larger magazines—can earn substantial rewards for their dedication and talent.

Production managers

The most striking overall conclusion from the data on production managers is that the salary and total compensation differences, based on demographics or size of magazine, are relatively small—especially when compared to the data on production directors.

Managers average $27,256 in salary, about 60 percent less than directors. Although managers on consumer magazines earn more than those on business magazines, the difference of $1,244 is virtually meaningless.

Bonuses are not an important factor in the compensation of production managers. The salary of those who are not eligible is about $1,700 more than those who are. And the total compensation of the 39 percent of managers who receive a bonus is only $700 more than those who don't.

> **"It's important to make both editorial and art staffs truly understand the economic impact of their respective decisions regarding production/technical processes."**
>
> **—Production manager in the Northeast, working on a bimonthly consumer title, earning salary in the low thirties.**

Almost three-quarters of the managers are female, and their salary is 83 percent of men's. This ratio increases to 88 percent on a total compensation basis. The Northeast region again leads the pack in pay, but salaries there average only 22 percent higher than those in the Central region, the lowest paying area in this survey.

Although experience pays, the impact is not as great as one might expect. Managers in production 11 to 20 years are paid salary about the same as those with more than 20 years' experience; and the two groups together make up 22 percent of the sample. Further, the

Average annual total compensation*

	Production director	Production manager
Receive bonus/incentive:		
Yes	$53,299 (66)	$28,670 (107)
No	44,173 (81)	27,977 (170)
Magazine type:		
Consumer	$54,119 (30)	$30,086 (40)
Business	52,833 (35)	27,731 (66)
By region:		
Northeast	$61,736 (26)	$32,520 (41)
South Atlantic	41,017 (12)	24,965 (12)
Central	51,403 (15)	27,379 (33)
Western	49,950 (13)	24,783 (20)
By sex:		
Male	$62,750 (37)	$31,421 (31)
Female	41,241 (29)	27,548 (76)
By years in production:		
Up to 3	$34,175 (4)	$25,347 (39)
4-10	42,612 (29)	28,707 (50)
11-20	55,779 (19)	35,762 (16)
More than 20	77,535 (14)	35,835 (2)
Responsible for:		
One magazine	$45,344 (22)	$28,279 (46)
More than one	56,858 (41)	28,832 (60)
By employees supervised:		
None	$47,300 (6)	$26,347 (38)
One	38,539 (8)	26,998 (22)
2-5	43,028 (30)	30,207 (35)
More than 5	74,309 (22)	35,604 (11)
By circulation:†		
Up to 19,999	$42,950 (5)	$26,025 (22)
20,000-49,999	35,661 (14)	25,209 (26)
50,000-99,999	50,480 (19)	29,691 (25)
100,000-499,999	60,601 (18)	29,923 (24)
500,000 and more	75,380 (10)	39,413 (8)
By frequency:†		
Weekly/biweekly	$59,316 (16)	$32,496 (12)
Monthly	52,591 (44)	28,295 (77)
Other	41,937 (5)	27,178 (17)
By average total pages produced annually:†		
Up to 499	$39,843 (2)	$24,571 (11)
500-999	51,014 (11)	27,635 (32)
1,000-1,499	43,189 (14)	28,515 (28)
1,500-2,999	46,627 (16)	31,131 (24)
3,000 or more	71,740 (20)	29,033 (7)

---

*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

†Refers to the largest circulation magazine on which respondent works.

Average annual bonus/incentive*

	Production director	Production manager
Average bonus/incentive:	$5,372 (66)	$2,036 (107)
Magazine type:		
Consumer	$5,296 (30)	$2,103 (40)
Business	5,304 (35)	2,011 (66)
By region:		
Northeast	$6,740 (26)	$2,416 (41)
South Atlantic	2,702 (12)	940 (12)
Central	5,320 (15)	2,313 (33)
Western	5,158 (13)	1,530 (20)
By sex:		
Male	$7,089 (37)	$2,403 (31)
Female	3,180 (29)	1,887 (76)
By years in production:		
Up to 3	$1,875 (4)	$1,933 (39)
4-10	3,755 (29)	1,949 (50)
11-20	5,401 (19)	2,509 (16)
More than 20	9,679 (14)	2,453 (2)
Responsible for:		
One magazine	$4,144 (22)	$1,968 (46)
More than one	5,887 (41)	2,106 (60)
By employees supervised:		
None	$4,300 (6)	$1,965 (38)
One	1,928 (8)	1,761 (22)
2-5	3,093 (30)	2,159 (35)
More than 5	10,023 (22)	2,564 (11)
By circulation:†		
Up to 19,999	$2,750 (5)	$1,857 (22)
20,000-49,999	2,793 (14)	1,843 (26)
50,000-99,999	5,459 (19)	2,354 (25)
100,000-499,999	5,997 (18)	1,810 (24)
500,000 and more	9,000 (10)	2,975 (8)
By frequency:†		
Weekly/biweekly	$6,034 (16)	$2,529 (12)
Monthly	5,374 (44)	2,091 (77)
Other	2,300 (5)	1,501 (17)
By average total pages produced annually:†		
Up to 499	$1,750 (2)	$1,530 (11)
500-999	4,873 (11)	1,924 (32)
1,000-1,499	4,696 (14)	2,331 (28)
1,500-2,999	2,734 (16)	1,952 (24)
3,000 or more	9,075 (20)	2,296 (7)

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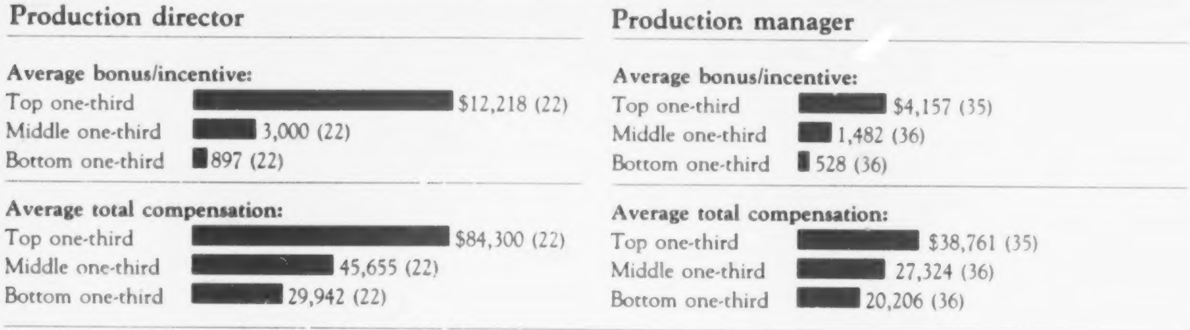
*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

†Refers to the largest circulation magazine on which respondent works.

Range of average bonus/incentive and total compensation*



*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

most junior managers earn about 71 percent of the salary of the most senior—as opposed to 50 percent among directors.

Even differences based on size of magazine or scope of responsibility are relatively narrow. For example:

- There is a steady increase in pay from the smallest magazine to the largest; but still, managers working on magazines with over 500,000 circulation earn only 50 percent more than those on magazines with under 20,000 circulation.
- Turning to average pages produced, managers on the largest magazines earn only $7,000 (29 percent) more than those on the smallest.
- Only 11 percent of the managers supervise more than five employees. But even that doesn't seem to help a lot, for they earn only 29 percent more than their counterparts who supervise no one.
- And having responsibility for more than one magazine doesn't help at all. Managers who do earn almost exactly the same salary and total compensation as those who don't.

Breaking it out

FOLIO: has also divided the sample in thirds, showing the average salary and total compensation of the top, middle and bottom third of directors and managers. These figures clearly illustrate the narrow range of pay among managers. The top third of production managers earn salary and total compensation only 1.9 times that of the bottom third. By contrast, among production directors, the top third outearns the bottom third by 2.3 times in salary and 2.8 times in total compensation.

These results lead to significant differences in pay between directors and managers. The average salary and total compensation of directors is greater, by 68 percent and 85 percent, respectively, than that of managers. And for the top third in each job category, salary and total compensation for directors is 79 percent and 117 percent higher.

Notwithstanding differences in pay, however, directors and managers appear united in their commitment to their profession. As noted earlier, a larger than expected percentage of each group has been in production more than 10 years.

And when asked about their greatest production challenge, their focus was not on griping, but on maintaining an effective balance between quality and cost, between ad and edit, between attending to the myriad production details and ensuring they stay on top of rapidly changing technology. All under intense deadline pressure.

Those comments further indicate that production executives relish—indeed thrive on—those challenges. And they suggest that directors and managers alike hope for increased rewards, both financial and otherwise, as they continue to meet those challenges successfully. Given the growing recognition of the production profession as a crucial element in publishing success, we would expect that hope to be increasingly realized.☐

Methodology

Four hundred ninety-two of the 1,083 production professionals who received questionnaires responded to FOLIO:'s fifth annual production salary survey, resulting in an overall response rate of 45.4 percent. Of the total responses, 445 (41.1 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in February. Participants were asked to supply data reflecting 1989 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if a production professional indicated that his or her annual bonus would be between $4,000 and $6,000, the arithmetic mean of $5,000 was used as that respondent's expected bonus for the year.

About 53 percent of the mailing was sent to production directors and 47 percent to production managers. Each category was evenly divided between consumer and business publications; two-thirds of the sample was drawn from magazines with under 100,000 in circulation, while one-third came from magazines with over 100,000.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

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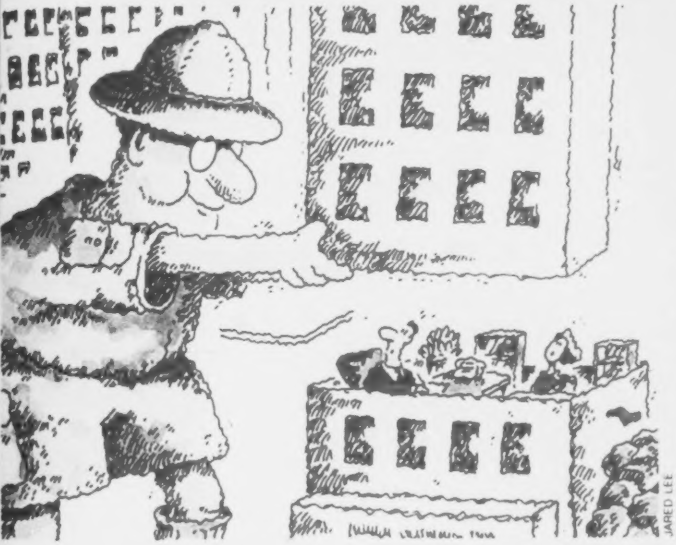
JARED LEE

Executive safari

The stakes are high for everyone when a company brings in a headhunter to find new personnel: The destinies of individuals and entire firms can be affected by how recruiters do their job. Who are these people, what do they do that you can't, and what are your options when you spend $25,000 to hire someone who doesn't work out? **116**

Eliminating the RDA: Good for business?

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ELIZABETH HORTON

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An innovator and a risk taker, Jim Horton is trying to bring together all the players interested in using selective binding for target marketing. Everyone is hot on the idea, but slow to sign up. Is Horton a man ahead of his time? **47**

Venture
BACK HOME AT SHAWNEE
CHARLES KIRKWOOD STARTED BUSINESSES AROUND THE WORLD BEFORE SETTLING INTO TIME SHARING

Venture's Lipper admits mistakes

As Drake Publishers takes control of the ailing magazine, Arthur Lipper tells how he made many of the mistakes he warned others about. He may recoup his multimillion dollar investment if Drake can bring *Venture* back to its zenith. **57**

(unfold ——►)

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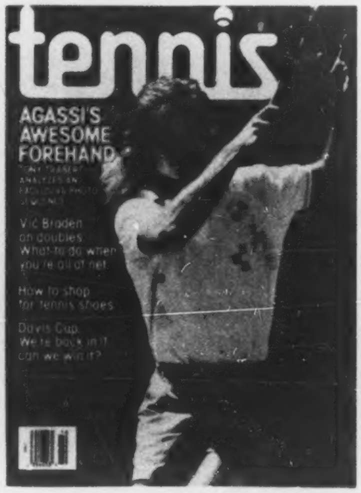

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Healthy ad growth for consumer titles

The Seven Sisters and travel titles rack up biggest ad page gains in first half 1989

Top page gainers, first half 1989

	'89 pages	'88 pages	% change
1. *Victoria*	156.9	52.6	198.3
2. *Lear's*	318.6	122.5	160.1
3. *Child*	207.5	124.9	66.1
4. *Soap Opera Digest*	234.5	141.7	65.5
5. *Golf Illustrated*	283.3	178.1	59.1
6. *Harvard Business Review*	228.8	148.2	54.4
7. *Entrepreneur*	903.8	590.3	53.1
8. *Conde Nast Traveler*	461.4	304.9	51.3
9. *Cooking Light*	153.6	107.9	42.3
10. *Country Home*	225.1	159.4	41.2

Source: PIB

Golf Illustrated
child
LEAR'S

***Most page gainers** also topped out in revenue increases:* Victoria *jumped 424 percent;* Lear's, *340 percent, and* Golf Illustrated, *135 percent.*

New York City—The first half of 1989 appears to be the best in memory for many women's titles—especially the Seven Sisters. All but one, *Redbook*, reported ad page increases to the Publishers Information Bureau (PIB). And most gains were sizable—22.5 percent for recently sold *McCall's* and 25.3 percent for *Ladies' Home Journal*. The *Journal*, for one, marked its best ad performance in 40 years.

Overall, it was a healthy first half for the 166 consumer titles currently reporting to PIB. Advertising pages increased to 87,269, an improvement of 4.4 percent over the first half of 1988—the exact percentage growth in pages enjoyed by 156 magazines in the first half of 1988.

Magazine advertising revenues, too, increased to $3.2 billion, up 12.4 percent over the first half of last year. PIB, however, bases revenue totals on page counts, and does not figure in discounts or negotiated rates.

For the first time, the top three revenue-producing magazines—*Time*, *Sports Illustrated* and *People Weekly*, registering a six-month total of more than half a billion dollars—were all published by the same company, Time Inc. (Those titles, however, are all part of Time Inc.'s free-page MaxPlan.) Sixteen of the 50 top revenue producers registered revenue gains of over 20 percent, led by *Vanity Fair*'s 58 percent increase.

Deserting TV

The return of the Seven Sisters seems largely due to the increasing fragmentation of television audiences brought about by cable stations. To reach a truly massive audience of women, advertisers have been returning not only to *McCall's* and *Ladies' Home Journal*, but to *Family Circle* (up 13.8 percent, to 992 pages); *Good Housekeeping* (up 4.6 percent, to 778 pages); *Better Homes & Gardens* (up 5.6 percent, to 735 pages); and *Woman's Day* (up 12.8 percent, to 879 pages).

Launched last year, *Lear's* improved significantly on its early days, with a 160.1 percent gain, to 319 ad pages. *Ms.*, a frequent ad page loser in recent years, boosted pages by 10.3 percent and ad revenue by 30.9 percent. The only women's title showing considerable losses was *Shape*, down 22.4 percent in pages.

The picture was less sanguine,

(CONTINUED ON PAGE 37)

Retailers praise *Digest* for dropping RDA

But will other magazines follow?

Pleasantville, N.Y.—In an effort to make the title more appealing to retailers, *Reader's Digest* recently became the first major national magazine to eliminate its retail display allowance (RDA) program.

"The race for space has never been more competitive," says Tom Daly, director of sales marketing for the *Digest*. "In the magazine world, we are probably now offering the most attractive pricing for any publication in the field." Although only about 6 percent of its 16 million circulation is on the newsstand, the title still sells nearly one million copies through retailers.

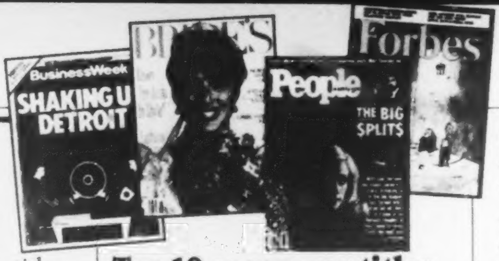
Retailers and wholesalers applaud the *Digest*'s effort. The magazine now gives retailers a 30 percent discount off its $1.89 cover price up front. The previous RDA program gave retailers a 20 percent discount up front, but made them wait as much as 120 days for an additional 10 percent RDA payment.

Daly and others believe the change makes *Reader's Digest* more competi-

Healthy ad growth

(CONTINUED FROM PAGE 13)

however, for women's fashion titles. *Elle*'s sensational ad growth of the past few years has slowed; ad pages grew only 2.3 percent, to 1,038, in the first half. *Vogue* boosted pages 3.3 percent, to 1,510; *Glamour*, *Harper's Bazaar*, and *Mademoiselle* all lost ad pages.



Top 10 consumer titles, in pages, first half 1989

		'89 pages
1.	*Business Week*	2,229.7
2.	*People Weekly*	1,879.7
3.	*Bride's*	1,726.1
4.	*Forbes*	1,665.5
5.	*Fortune*	1,639.8
6.	*TV Guide*	1,606.5
7.	*Vogue*	1,510.1
8.	*Sports Illustrated*	1,488.8
9.	*New York Magazine*	1,405.1
10.	*Time*	1,349.7

Source: PIB

***Just two of the top 10** are monthlies; three others are Time Inc. titles.*

Men's titles also did well in the first half, led by *Esquire*, which grew by 15.3 percent, to 802 ad pages. *Gentlemen's Quarterly*'s ad pages rose 9.4 percent, to 1,005, and the two major "sophisticate" titles—*Playboy* and *Penthouse*—increased pages by 18.8 percent and 12.8 percent, respectively. *Gallery*, however, was down 14 percent in pages. Fashion title *M* also slipped 4 percent in pages.

Desperately seeking travelers

Perhaps outstripping the women's category were the major travel titles, none of which reported declines. *Conde Nast Traveler* led the field with a 51.3 percent gain, to 461 ad pages (a 74.0 percent gain in ad revenue), followed by *National Geographic Traveler*, up 32.2 percent, and *Endless Vacation*, up 30.8 percent in ad pages. Other titles boosting pages were *Travel & Leisure*, up 11.1 percent; *European Travel & Life*, up 9.9 percent; and *Travel Holiday*, up 6.1 percent. In the past few years, most travel books have successfully pursued upscale consumer advertisers, as well as traditional travel and resort advertisers.

Among other magazine groups, gains and losses were more evenly divided. In each of three major categories—shelter, business and general interest—10 magazines gained ad pages, while eight lost.

Country Home led the shelter category, with an ad-page gain of 41.2 percent, to 225 pages, followed by *Midwest Living*'s increase of 25.7 percent. *Metropolitan Home* continued its hot streak by boosting pages 17.1 percent and revenues 28.6 percent. Advertisers were less generous with *Practical Homeowner*, which fell 43.6 percent in pages, and *HG*, down 21.2 percent.

Among the business books, *Entrepreneur* proved a major success, increasing ad pages 53.1 percent, to 904, and revenue 88.1 percent, to $6.8 million. Recently sold competitor *Venture*, meanwhile, has gone the other way, losing 31.2 percent in pages and 20.9 percent in revenue.

The big three—*Forbes*, *Fortune* and *Business Week*—all grew in pages, 6.5 percent, 14.3 percent and 7.6 percent, respectively. But other, more specialized business titles struggled in the first half. *High Technology Business* slumped by 42.9 percent in pages; *Manhattan,inc.* fell 25.1 percent; and recently folded *Sylvia Porter's Personal Finance* dropped 18.1 percent from the first half of 1988.

Several stars appeared in the general interest category: *Vanity Fair* maintained its strong performance with a 27.4 percent gain, to 628 pages. *Life* also maintained its stride, picking up 34.3 percent, to 408 pages. And *Premiere* led with a 50.3 percent page gain. *Reader's Digest*, however, suffered a 14.1 percent page loss.

Time, aided by its MaxPlan, led the newsweeklies in ad growth, increasing 12.0 percent, to 1,350 pages. *U.S. News & World Report* gained 3.8 percent, while *Newsweek* fell 0.5 percent. Other distinguished performances in the weekly/biweekly category were turned in by *Us*, up 20.1 percent in pages; *People*, up 9.4 percent, and *Rolling Stone*, up 8.4 percent. *The New Yorker*'s ad troubles continued, as the literary weekly lost 9.9 percent in ad pages.—*M.G.*

Time Magazine Group

(CONTINUED FROM PAGE 14)

ings as a result of this merger," he adds.

Besides the *EW* launch, the Magazine Group is also faced with options to buy the remaining shares of such joint ventures as *Parenting* and *Hippocrates* later this year and early next. "The merger won't impact if we go ahead and exercise these options," Brack says. "The banks are well aware of what our commitments are."

Several of Time Warner's publishing partners are getting the clear signal that "a good idea will still get money," as Eric Schrier, founder of *Hippocrates*, puts it. A trade spin-off of the magazine, directed to physicians, was recently given the green light by the Magazine Group and is slated for an early 1990 launch.

Don Logan, chief executive officer of Southern Progress, notes, "It's business as usual, and we have received no signals to the contrary." Southern Progress is proceeding with the editorial refocusing of *Southpoint* (formerly *Southern*), the two-year old *Cooking Light* and *Travel South*.

According to Brack, it has been the search for "absolutely the right partners, not financial constraints" that have kept Time from other magazine partnerships. "It seems as if the world thought the magazine division was under siege or that we were going to hunker down and not do anything," Brack says. "*Entertainment Weekly* is the first magazine borne out of our new system for investing in new magazines. We've been working on it for a while—we just didn't announce the idea to the world."—*Abbe Wichman*

Correction

In the August Briefings, FOLIO: reported that Leanna Landsmann, president of *Instructor* under Harcourt Brace Jovanovich, had reportedly vied for ownership of the title, which was recently purchased from Edgell Communications by Scholastic. Landsmann states she has had no connection with *Instructor* since it was sold to Edgell in December 1987.

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Folio:

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Privacy: The gathering storm

It's been called the most challenging issue facing direct marketers in the 1990s. And no wonder. With more information about their private lives being used for marketing purposes, consumers are becoming wary—and marketers are beginning to wonder if they have violated the trust of the very consumers they are trying to serve better. How will magazine publishers overcome this threat to target marketing? **128**

MAILING LIST

GLENN WOLFF

Dressed for Texas

Get ready, pardner, the "Monks" are coming to your town. Their humor title chronicles life on the road, the New Age and anything else that strikes their fancy. **63**

Copyright decision: Trouble or not?

The Supreme Court's recent copyright decision should not substantially alter the way most magazines handle freelancers and their work. This does not mean, however, that caution and common sense can be ignored. **191**

Printing technology and rescheduling

Typesetting's new link to the printing plate will mean new scheduling headaches for the publisher. Getting ready to print is more complicated than 10 years ago—and it may be time to map out duties and schedules to fit the changing scene. **187**

Finding good circulation recruits

As scarce as the proverbial hen's teeth, circulation people are tough to find; learning to recognize and keep good ones is even tougher. But that doesn't mean you have to accept less than the best. **147**

Regionals hurt for ads

First newspapers were crying the blues about the dip in retail advertising; now city and regional magazines say they're hurting from advertising cutbacks. And, with more than 80 percent of ad pages typically from retailers, regionals are trying to mend losses. **42**

(unfold →)

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EXCLUSIVE: AMERICA'S PRIVATE DELTA FORCE

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Publishers are *not* responsible for classified advertising content, according to the recent U.S. Court of Appeals reversal of the $9 million *Soldier of Fortune* judgment.

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Severely battered by competitive rate cutting and a declining electronics industry, contenders struggle to distinguish their editorial products and focus on reader value.

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The famous family adds a touch of irreverence to "downtown" coverage with its newest title.

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It will include lots of goodies for magazine production, but abandons Display Postscript in favor of a new, open format. **114**

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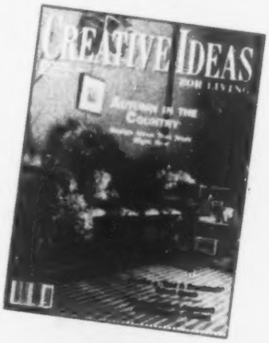

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in the last year, the new discount category has attracted six new insurance mailers, she says.

Other list brokers object

At The Millard Group, however, the only discounts available are for fund raisers and publishers, says Eric Zilling, list manager.

Although the company is doing more negotiating per order than it ever has in the past, according to Zilling, "We haven't really gone to any structured tier pricing. I don't see that as the answer," he adds.

Instead, when trying to break into a new category of list usage, Zilling says Millard determines prices on a case by case basis. As an incentive, the company may also offer a unique select, such as the names of space-advertising respondents.

If tiered pricing catches on, Zilling says, The Millard Group would "take a hard look" at the concept.

The concept, however, is still out of favor at The Kleid Company. "I don't think the deciding factor on whether or not someone will test a list is a price break," says senior vice president Jeff Kobil. "The other things have to fall into place. They have to have product affinity." —*Liza Frenette*

California posts slowest delivery

Flossmoor, Ill. —Monthly titles hitting southern California this spring found delivery slow going, according to first-quarter delivery statistics from the Red Tag News Publications Association.

No monthly magazines arrived on time in Santa Monica, Alhambra, Oakland or San Jose; just 5 percent were on time in Los Angeles. A full 33 percent of titles were more than 10 days late in Santa Monica.

Other cities posting poor delivery include Tampa, Florida, St. Paul, Minnesota, and Kansas City, Kansas, where 100 percent of monthlies were one to three days late. Philadelphia, Nashville and Cleveland also posted few on-time arrivals.

On the other hand, Worcester, Massachusetts and Phoenix posted 100 percent on-time delivery of monthlies.

As for weeklies, southern California once again showed poor performance: Inglewood and San Bernadino both showed no on-time delivery, with all of Inglewood's weeklies arriving more than one day late. Houston also scored poorly, with 90 percent of weeklies arriving more than a day late. Similarly, Detroit, Fort Lauderdale, Richmond and Portland, Maine, all posted few on-time scores.

Best delivery of weeklies was in Hicksville, New York, where all titles were delivered on time. Other high scorers were Rochester, New York, Longmont, Colorado, and Albuquerque, all of which had more than 80 percent of weeklies arriving on time.☐

Delivery box score: Weeklies

Jan.1-March 31, 1989

City/(Zip Code)	On time	1 day late	Later
Composite average*	42%	28%	30%
Boston (021)	67	33	0
New York City (100)	40	36	24
Buffalo (142)	63	25	12
Pittsburgh (152)	36	27	37
Philadelphia (191)	23	36	41
Washington, D.C. (200)	58	19	23
Atlanta (303)	43	29	28
Miami (331)	29	30	41
Memphis (381)	38	30	32
Cincinnati (452)	43	31	26
Detroit (482)	4	19	77
Milwaukee (532)	54	27	19
Minneapolis (554)	46	30	24
Chicago (606)	50	33	17
New Orleans (701)	16	23	61
Dallas (752)	27	29	44
Houston (770)	24	29	47
Denver (802)	37	30	33
Phoenix (850)	35	36	29
Los Angeles (900)	38	25	37
San Francisco (941)	67	19	14
Seattle (981)	66	19	15

*Includes other U.S. cities and SCFs not listed

Source: Red Tag News Publications Association, Inc.

Delivery box score: Monthlies

Jan.1-March 31, 1989

City/(Zip Code)	Better than USPS standard	Service standard	1-6 days late	Later
Composite average*	9%	19%	66%	6%
Boston (021)	0	50	50	0
New York City (100)	3	22	68	7
Buffalo (142)	0	0	100	0
Pittsburgh (152)	0	20	80	0
Philadelphia (191)	7	13	59	21
Washington, D.C. (200)	0	32	65	3
Atlanta (303)	19	15	63	3
Miami (331)	23	21	56	0
Memphis (381)	13	7	73	7
Cincinnati (452)	9	8	75	8
Detroit (482)	5	8	87	0
Milwaukee (532)	16	0	79	5
Minneapolis (554)	15	53	32	0
Chicago (606)	10	26	61	3
New Orleans (701)	5	5	85	5
Dallas (752)	18	7	71	4
Houston (770)	0	12	84	4
Denver (802)	10	20	55	15
Phoenix (850)	50	50	0	0
Los Angeles (900)	0	5	66	29
San Francisco (941)	15	44	36	5
Seattle (981)	39	19	38	4

*Includes other U.S. cities and SCFs not listed

Source: Red Tag News Publications Association, Inc.

FOLIO:'s 1989

Ad sales compensation survey

Is the pay gap narrowing for women in ad sales? How does your salary compare to what your peers earn? And more

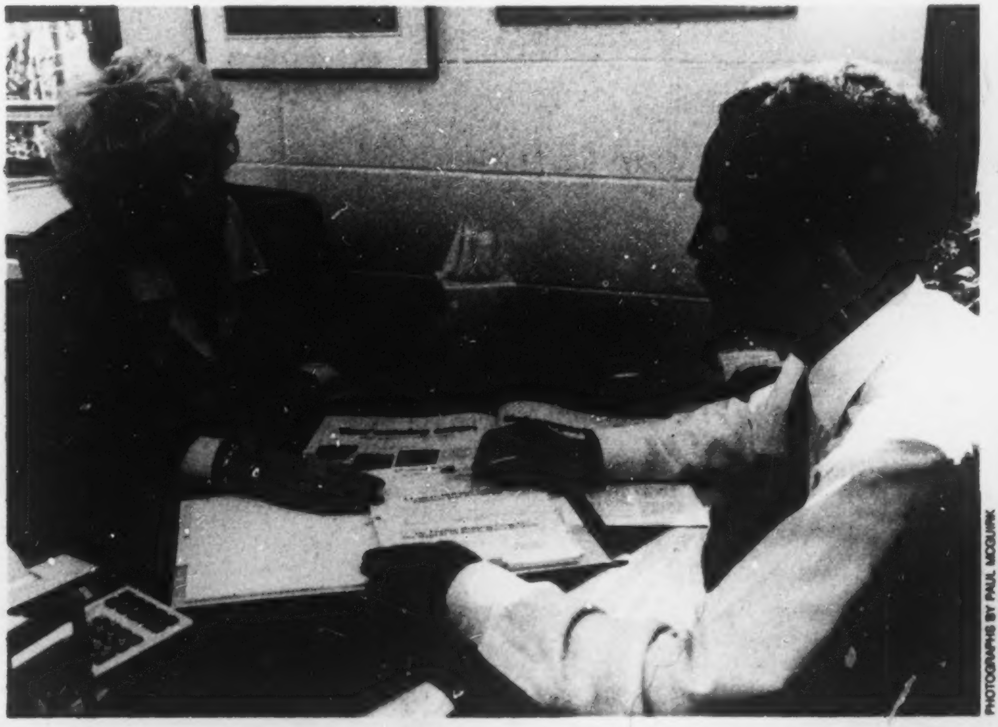
BY ROBERT M. STEED

Numbers. Numbers. Numbers. The life of an ad sales professional is filled with numbers. And, in commenting on their biggest ad sales challenge, many of those professionals also say that challenge is—you guessed it—numbers.

Of course, how that challenge presents itself varies widely, depending on how the magazine is positioned and what the numbers say about it. For instance, one ad sales professional says, "My greatest sales challenge is getting prospects to buy by the numbers—*i.e.*, evaluating media based on the data, rather than buying based on relationships only." Another says, "It's tough selling . . . to agency media buyers/planners who are typically right out of school and handle media on a 'numbers only' basis because of inexperience." Which only serves to prove that the beauty of numbers is in the eye of the beholder.

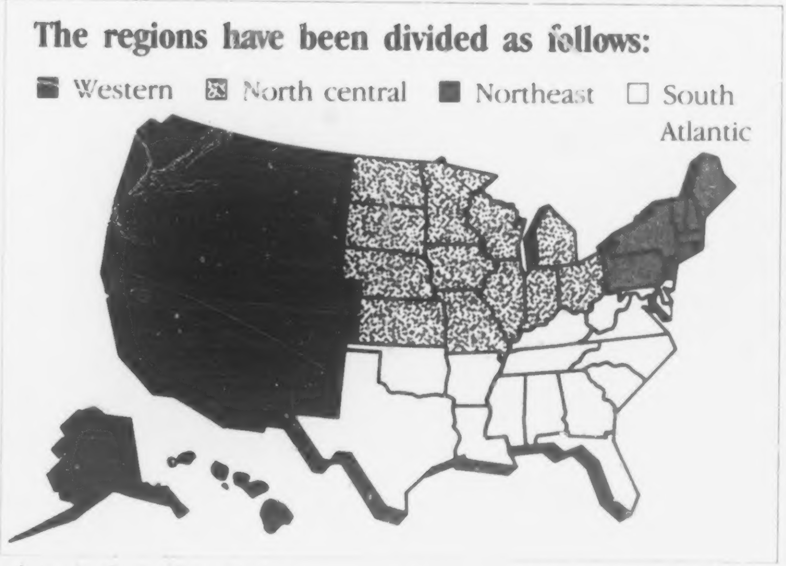
Another set of numbers is also vital to advertising sales professionals: their own earnings. The results of FOLIO:'s fourth annual survey of ad sales compensation indicate that the income potential of this segment of the publishing staff is very high indeed, especially when one looks at total compensation—

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm that uses improvisational dramatizations to provide corporate clients with a broad range of programs for seminars, conferences, training courses and communications efforts. Before co-founding Performance Plus . . . , Steed was vice president and director of personnel of Time Inc.



PHOTOGRAPHS BY PAUL MCGUIRK

The regions have been divided as follows:



> **"I have difficulty convincing a potential advertiser to advertise in my magazine when he has never done print advertising and has spent all his advertising dollars on radio and TV."**
>
> **—Ad sales person working on a bimonthly consumer magazine in the South, earning $27,000 in salary and bonus/commission.**

salary plus bonus/commission.

For ad sales professionals who hit the numbers in their sales plans, the payoff can be very handsome. For example, the average bonus/commission for the top one-third of ad directors was almost $72,000; and for the top one-third of ad sales persons it was $46,000. Not hitting the numbers, on the other hand, causes a problem. The average bonus/commission for the lowest paid ad directors and ad sales persons was about $7,700 and $7,100, respectively. (These results are also affected, of course, by size of magazine and demographic characteristics.)

General findings

This survey, which gives the complete run-down on salaries and total compensation for ad sales directors, managers and salespeople, yields some other important overall conclusions:

- The size of the magazine, measured by ad revenue, ad pages or circulation, correlates directly with compensation for all job categories.
- Baby boomers from 30 to 39 are the largest age group, by far, in each job category in this sample. And, in a few instances, they outearn their counterparts who are 40 to 49.
- Pay of those on consumer magazines is generally higher than pay for those on business magazines in every category except ad sales person, where the tables are turned slightly.
- Overall, women earn 10 percent to 25 percent less than men in three out of the four categories. But there are some faint signals that the gap may be narrowing. For branch/regional/category managers, salaries are equal and women's total compensation is higher; and the same is true for ad sales managers on consumer publications.
- The pay of ad sales professionals is highly leveraged. Almost 92 percent of the sample receives both salary and bonus; and the average total compensation in each category is roughly 60 percent more than the average salary.

Ad sales directors

Ad sales directors earn $60,647 in salary, and their total compensation jumps by roughly $36,000 to $96,565. Those on consumer magazines earn about 10 percent more than their business magazine counterparts in both salary and total compensation.

Compensation differential is especially dramatic among directors. The salary of the highest paid one-third of directors is $97,788, which is 3.27 times that of the lowest paid one-third; and their total compensation is $153,162, triple the $51,797 received by the lowest paid one-third.

The Northeast is clearly the place to be for directors, with salaries and total compensation averaging 30 percent to 60 percent more than in other areas of the country.

Experience also pays off. There is a clear and steady correlation between

Using the numbers

It is important to use the salary information in this survey cautiously. In many instances there were not enough respondents in certain subcategories to allow valid conclusions to be reached, because even one exceptionally high or low salary could affect the average dramatically. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses).

In addition, not all respondents answered all questions. Therefore, the total number of respondents in the "average" column of a chart is not necessarily the sum of the subcategories.

The survey also examines only one variable at a time. For example, ad sales directors in the Northeast earn higher salaries than their peers in other regions. But are those in the Northeast who participated in the survey working on larger magazines? Are they the ones with the most experience? The survey methodology does not enable these multiple variables to be analyzed.

One should also be cautious about comparing the data in this survey with data from prior years. Because the sample is drawn randomly from mastheads each year, those who responded to this survey may well come from a different mix of magazines or demographics than respondents to prior surveys. Comparisons are thus best made not on the broad averages, but on the more detailed breakdowns by magazine size, respondents' experience, and the like.

> **"With a small circulation in a very targeted market, it is difficult to sell the larger companies on the regional market."**
>
> **—Ad sales director working on a small bimonthly business magazine in the South, earning salary in the low twenties.**

[redacted]

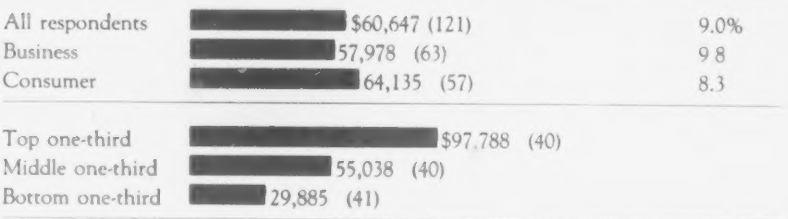
> **"Organization is crucial. When working for a small but rapidly growing publishing company with entrepreneurial leaders, life in general tends to be chaotic."**
>
> **—Ad sales director for a monthly consumer magazine in the West, earning $95,000 in salary and bonus/commission.**

[redacted]

Ad sales director: Salary

Advertising sales director (in some cases may have the title of publisher): top ad sales executive; manages ad sales department; sets policies and procedures; is responsible for reaching goals and quotas; hires and trains personnel.

Average salaries (The number of respondents is in parentheses.)



		% increase from '88 to '89
All respondents	$60,647 (121)	9.0%
Business	57,978 (63)	9.8
Consumer	64,135 (57)	8.3
Top one-third	$97,788 (40)	
Middle one-third	55,038 (40)	
Bottom one-third	29,885 (41)	

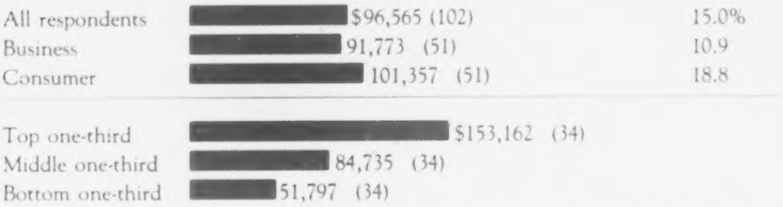
	Average	Average business	Average consumer
By region:			
Northeast	$72,463 (60)	$71,443 (30)	$73,483 (30)
South	45,113 (24)	40,227 (11)	50,850 (12)
North central	54,735 (17)	52,536 (14)	65,000 (3)
Western	48,805 (19)	41,413 (8)	54,182 (11)
By no. of employees supervised:			
None/one	$43,421 (19)	$42,333 (12)	$47,833 (6)
2-5	47,756 (39)	48,173 (22)	47,218 (17)
6-10	58,170 (37)	57,700 (19)	58,667 (18)
More than 10	96,096 (26)	98,850 (10)	94,375 (16)
By years in business:			
Up to 3	$32,458 (12)	$41,660 (5)	$25,886 (7)
4-10	55,390 (71)	51,737 (41)	61,431 (29)
11-20	72,025 (20)	67,500 (7)	74,462 (13)
More than 20	87,533 (18)	85,060 (10)	90,625 (8)
By age:			
29 or less	$43,308 (12)	$41,470 (10)	$52,500 (2)
30-39	60,044 (63)	57,564 (28)	62,029 (35)
40-49	50,710 (20)	46,227 (11)	59,463 (8)
50 or more	77,754 (26)	79,829 (14)	75,333 (12)
By sex:			
Male	$66,992 (79)	$63,845 (44)	$70,949 (35)
Female	48,712 (42)	44,389 (19)	53,295 (22)
By ad revenue:†			
Up to $999,999	$40,402 (41)	$39,173 (22)	$42,483 (18)
$1 million-$2,999,999	53,619 (36)	53,471 (24)	53,917 (12)
$3 million-$4,999,999	55,278 (9)	55,500 (5)	55,000 (4)
$5 million-$11,999,999	73,400 (15)	82,000 (6)	67,667 (9)
$12 million or more	110,667 (18)	140,400 (5)	99,231 (13)
By ad pages:†			
Up to 499	$45,111 (45)	$42,554 (24)	$48,033 (21)
500-999	58,411 (35)	53,200 (17)	63,333 (18)
1,000 or more	87,548 (31)	92,600 (15)	82,813 (16)
By circulation:†			
Up to 49,999	$45,467 (57)	$47,355 (44)	$39,833 (12)
50,000-499,999	65,059 (46)	69,944 (18)	61,918 (28)
500,000 or more	84,941 (17)	††	84,941 (17)
By frequency:†			
Weekly/biweekly	$77,465 (20)	$83,845 (11)	$74,625 (8)
Monthly	60,793 (75)	53,395 (40)	69,249 (35)
Other	47,180 (25)	49,542 (12)	45,000 (13)

†Refers to the largest revenue producing magazine on which respondent works
††Insufficient data

Ad sales director: Total compensation

Average total compensation*

(The number of respondents is in parentheses.)



	Average total compensation*	% increase from '88 to '89
All respondents	$96,565 (102)	15.0%
Business	91,773 (51)	10.9
Consumer	101,357 (51)	18.8
Top one-third	$153,162 (34)	
Middle one-third	84,735 (34)	
Bottom one-third	51,797 (34)	

	Average	Average business	Average consumer
By region:			
Northeast	$113,615 (55)	$109,419 (27)	$117,661 (28)
South	75,169 (16)	78,100 (5)	73,836 (11)
North central	78,467 (15)	76,136 (11)	84,875 (4)
Western	76,507 (14)	62,263 (8)	95,500 (6)
By no. of employees supervised:			
None/one	$ 57,778 (9)	$ 61,714 (7)	$ 44,000 (2)
2-5	77,561 (33)	77,269 (16)	77,835 (17)
6-10	91,589 (35)	89,839 (18)	93,441 (17)
More than 10	142,580 (25)	139,500 (10)	144,633 (15)
By years in business:			
Up to 3	$ 56,750 (8)	$ 73,600 (3)	$ 46,640 (5)
4-10	86,907 (59)	85,636 (33)	88,519 (26)
11-20	108,350 (20)	87,500 (7)	119,577 (13)
More than 20	140,073 (15)	127,638 (8)	154,286 (7)
By age:			
29 or less	$ 65,550 (10)	$ 65,813 (8)	$ 64,500 (2)
30-39	96,376 (54)	90,832 (25)	101,155 (29)
40-49	94,147 (15)	82,833 (6)	101,689 (9)
50 or more	112,070 (23)	115,508 (12)	108,318 (11)
By sex:			
Male	$104,712 (67)	$ 99,000 (36)	$111,345 (31)
Female	80,969 (35)	74,427 (15)	85,875 (20)
By ad revenue:†			
Up to $999,999	$ 59,538 (26)	$ 58,831 (13)	$ 60,246 (13)
$1 million-$2,999,999	77,973 (33)	75,368 (22)	83,182 (11)
$3 million-$4,999,999	95,222 (9)	101,500 (5)	87.375 (4)
$5 million-$11,999,999	110,571 (14)	126,000 (5)	102,000 (9)
$12 million or more	177,265 (17)	204,800 (5)	165,792 (12)
By ad pages:†			
Up to 499	$ 66,883 (30)	$ 66,087 (15)	$ 67,680 (15)
500-999	86,709 (33)	74,293 (15)	97,056 (18)
1,000 or more	138,355 (31)	140,600 (15)	136,250 (16)
By circulation:†			
Up to 49,999	$ 71,759 (44)	$ 73,982 (34)	$ 64,200 (10)
50,000-499,999	96,676 (41)	104,688 (16)	91,548 (25)
500,000 or more	139,906 (16)	††	139,906 (16)
By frequency:†			
Weekly/biweekly	$128,979 (19)	$124,009 (11)	$135,813 (8)
Monthly	93,030 (66)	84,215 (34)	102,397 (32)
Other	72,438 (16)	75,500 (6)	70,600 (10)

*Salary plus bonus/commission; excludes people receiving salary only

†Refers to the largest revenue producing magazine on which respondent works

††Insufficient data

salary and years in the business, with those who have been around more than 20 years earning $87,533 in salary and $140,073 in total compensation—2.7 and 2.5 times, respectively, what their most junior counterparts take home.

One might expect the same results when the data are examined by age cohorts. Not so. Directors over 50 earn less than double those under 30; the salary of directors in the 30-39 cohort is $10,000 more than for those who are 40-49, while their total compensation is $2,000 higher.

The salary of women ad directors is 73 percent that of men. Their salary plus bonus is 77 percent of men's, indicating that, as a percentage of salary, incentive compensation payments for women are somewhat better than men's.

The clearest and best indicator of salary is magazine size, no matter how that is measured:

- Where ad revenue is $12 million or more, salary averages $110,667 and total compensation is $177,265—in each case almost triple that of magazines with ad revenues under $1 million. The differences in each interim size bracket are equally dramatic.
- When analyzed in terms of both pages and circulation, the same pattern emerges, although the differences in pay between the biggest and smallest magazines are not as great.
- For ad directors, another proxy for size of magazine is number of em-

"My biggest challenge is getting advertisers to take out major contracts instead of running just show time and special feature issues."

—Ad sales manager in the Northeast, with 10 years' experience, earning more than $65,000 in salary and bonus/commission.

[redacted]

"When a media buyer demands special positions, we fulfill the request. But the ad gets buried in an ad bank at the front of the issue with all the other advertisers who subscribe to the old belief that FOB, RHP pulls better."

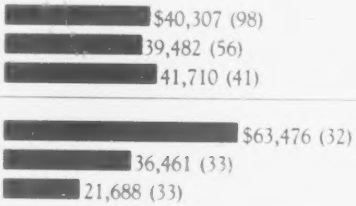
—Ad sales manager for a business monthly in the West, earning roughly $35,000 in salary and bonus/commission.

[redacted]

Ad sales manager: Salary

Ad sales manager: generally the second level of management in ad sales department; reports to director or publisher; has management but not policy responsibility for personnel within the department.

Average salaries (The number of respondents is in parentheses.)



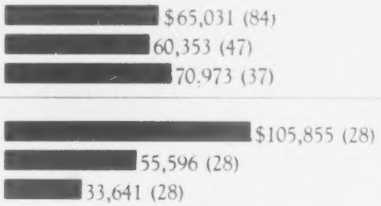
	Average salaries	% increase from '88 to '89
All respondents	$40,307 (98)	13.6%
Business	39,482 (56)	7.1
Consumer	41,710 (41)	21.0
Top one-third	$63,476 (32)	
Middle one-third	36,461 (33)	
Bottom one-third	21,688 (33)	

	Average	Average business	Average consumer
By region:			
Northeast	$47,074 (45)	$46,181 (26)	$48,295 (19)
South	33,300 (16)	29,520 (10)	41,720 (5)
North central	41,139 (18)	36,455 (11)	48,500 (7)
Western	29,395 (19)	34,900 (9)	24,440 (10)
By no. of employees supervised:			
None/one	$33,091 (34)	$31,080 (20)	$35,964 (14)
2-5	42,785 (51)	42,949 (29)	43,214 (21)
More than 5	49,462 (13)	49,129 (7)	49,850 (6)
By years in business:			
Up to 3	$29,100 (31)	$28,767 (21)	$29,800 (10)
4-10	41,419 (49)	39,149 (23)	44,004 (25)
More than 10	56,583 (18)	58,875 (12)	52,000 (6)
By age:			
29 or less	$30,681 (31)	$30,200 (18)	$31,542 (12)
30-39	42,007 (43)	39,685 (26)	45,559 (17)
40-49	48,700 (16)	50,300 (7)	47,456 (9)
50 or more	51,688 (8)	56,700 (5)	43,333 (3)
By sex:			
Male	$44,294 (52)	$45,923 (30)	$42,073 (22)
Female	35,800 (46)	32,051 (26)	41,289 (19)
By ad revenue:†			
Up to $999,999	$30,061 (36)	$30,330 (23)	$29,633 (12)
$1 million-$2,999,999	39,228 (18)	42,717 (12)	32,250 (6)
$3 million-$4,999,999	44,067 (15)	47,778 (9)	38,500 (6)
$5 million-$11,999,999	51,201 (11)	49,804 (4)	52,000 (7)
$12 million or more	63,458 (12)	55,600 (5)	69,071 (7)
By ad pages:†			
Up to 499	$35,530 (30)	$36,473 (22)	$32,938 (8)
500-999	39,148 (33)	36,694 (17)	41,756 (16)
1,000 or more	48,804 (27)	49,863 (13)	47,821 (14)
By circulation:†			
Up to 49,999	$34,265 (43)	$36,383 (36)	$23,371 (7)
50,000-99,999	41,441 (15)	46,317 (7)	38,343 (7)
100,000-499,999	40,652 (27)	42,417 (12)	39,240 (15)
500,000 or more	60,682 (11)	††	60,682 (11)
By frequency:†			
Weekly/biweekly	$38,533 (18)	$39,417 (12)	$36,767 (6)
Monthly	41,753 (65)	40,389 (36)	43,445 (29)
Other	36,686 (14)	35,500 (8)	38,267 (6)

†Refers to the largest revenue producing magazine on which respondent works
††Insufficient data

Ad sales manager: Total compensation

Average total compensation*
(The number of respondents is in parentheses.)



		% increase from '88 to '89
All respondents	$65,031 (84)	13.6%
Business	60,353 (47)	11.5
Consumer	70,973 (37)	15.9
Top one-third	$105,855 (28)	
Middle one-third	55,596 (28)	
Bottom one-third	33,641 (28)	

	Average	Average business	Average consumer
By region:			
Northeast	$78,855 (42)	$71,659 (24)	$88,450 (18)
South	48,258 (12)	42,457 (7)	56,380 (5)
North central	60,491 (14)	55,208 (9)	70,000 (5)
Western	45,294 (16)	46,100 (7)	44,667 (9)
By no. of employees supervised:			
None/one	$55,774 (29)	$46,062 (17)	$69,533 (12)
2-5	67,333 (44)	64,006 (24)	71,325 (20)
More than 5	80,227 (11)	86,233 (6)	73,020 (5)
By years in business:			
Up to 3	$40,418 (22)	$37,864 (14)	$44,888 (8)
4-10	70,117 (45)	60,946 (21)	78,142 (24)
More than 10	83,419 (17)	85,552 (12)	78,300 (5)
By age:			
29 or less	$54,467 (24)	$47,238 (13)	$63,009 (11)
30-39	66,007 (40)	59,991 (25)	76,033 (15)
40-49	74,700 (15)	77,100 (6)	73,100 (9)
50 or more	78,925 (5)	86,708 (3)	67,250 (2)
By sex:			
Male	$68,201 (50)	$68,819 (28)	$67,414 (22)
Female	60,370 (34)	47,877 (19)	76,193 (15)
By ad revenue:†			
Up to $999,999	$49,100 (28)	$43,100 (18)	$59,900 (10)
$1 million-$2,999,999	61,290 (15)	69,985 (10)	43,900 (5)
$3 million-$4,999,999	65,125 (13)	64,446 (7)	65,917 (6)
$5 million-$11,999,999	79,611 (11)	73,054 (4)	83,357 (7)
$12 million or more	100,833 (12)	94,200 (5)	105,571 (7)
By ad pages:†			
Up to 499	$50,071 (24)	$52,033 (18)	$44,183 (6)
500-999	59,288 (28)	55,552 (13)	62,527 (15)
1,000 or more	85,374 (26)	77,893 (12)	91,786 (14)
By circulation:†			
Up to 49,999	$50,177 (34)	$52,665 (28)	$38,567 (6)
50,000-99,999	79,324 (13)	74,531 (7)	84,917 (6)
100,000-499,999	59,734 (25)	65,659 (11)	55,079 (14)
500,000 or more	108,000 (10)	††	108,000 (10)
By frequency:†			
Weekly/biweekly	$61,347 (17)	$63,591 (11)	$57,233 (6)
Monthly	69,409 (55)	61,551 (29)	78,173 (26)
Other	50,183 (12)	50,300 (7)	50,020 (5)

*Salary plus bonus/commission; excludes people receiving salary only
†Refers to the largest revenue producing magazine on which respondent works
††Insufficient data

ployees supervised. Here, pay growth, while steady, is somewhat smaller until one gets to departments with 10 or more people—where salary jumps by almost $40,000 to $96,096 and salary plus bonus leaps over $50,000 to $142,580.

- Those on weeklies or biweeklies earn substantially more than those on publications with other frequencies.

Ad sales managers

Compensation of ad sales managers, the number-two job in the ad sales department, generally tends to follow the same pattern as that of ad directors, but at substantially lower levels. Their salary averages $40,307, about $20,000 less than that of ad directors; and their total compensation, at $65,031, is $35,500 lower. As with directors, managers on consumer publications come out ahead. Their salaries average $2,228 (5.6 percent) greater than those on business publications; and their total compensation is more than $10,000 (17.6 percent) higher.

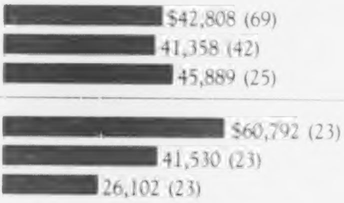
Bonus is a significant element in the overall pay of managers—total compensation averages almost $25,000 more than salary. And the top third of managers earn about three times as much as the bottom third, in both salary and salary plus bonus.

Once again, the Northeast is the best region to work in. Salaries there are from about $6,000 to $17,700 more than elsewhere; and total compensation is

Branch/regional/category manager: Salary

Branch/regional/category manager: responsible for selling ad pages to accounts from specific categories (liquor, tobacco, cosmetics, etc.); or to accounts in specific regions. May supervise some staff.

Average salaries (The number of respondents is in parentheses.)



	Average salaries	% increase from '88 to '89
All respondents	$42,808 (69)	9.2%
Business	41,358 (42)	10.8
Consumer	45,889 (25)	7.3
Top one-third	$60,792 (23)	
Middle one-third	41,530 (23)	
Bottom one-third	26,102 (23)	

	Average	Average business	Average consumer
By region:			
Northeast	$42,744 (28)	$42,183 (21)	$44,429 (7)
South	41,700 (6)	28,850 (2)	50,000 (3)
North central	44,482 (15)	39,000 (8)	50,746 (7)
Western	41,975 (20)	43,773 (11)	41,375 (8)
By no. of employees supervised:			
None	$42,960 (44)	$43,025 (31)	$44,125 (12)
One	38,875 (8)	36,250 (4)	41,500 (4)
More than one	44,265 (17)	36,896 (7)	50,192 (9)
By years in business:			
Up to 3	$34,667 (9)	$38,600 (5)	$29,750 (4)
4-10	42,944 (40)	40,841 (25)	47,838 (14)
More than 10	46,200 (20)	43,583 (12)	51,214 (7)
By age:			
29 or less	$38,955 (11)	$40,188 (8)	$40,000 (2)
30-39	43,308 (34)	42,288 (20)	44,766 (14)
40-49	37,861 (16)	33,097 (8)	42,643 (7)
50 or more	55,875 (8)	50,833 (6)	71,000 (2)
By sex:			
Male	$42,522 (38)	$41,624 (27)	$44,950 (10)
Female	43,159 (31)	40,880 (15)	46,515 (15)
By ad revenue:†			
Up to $999,999	$31,857 (7)	$21,750 (4)	$45,333 (3)
$1 million-$2,999,999	38,767 (16)	42,940 (12)	26,250 (4)
$3 million-$4,999,999	41,144 (12)	40,556 (9)	42,908 (3)
$5 million-$11,999,999	36,950 (10)	34,333 (3)	39,400 (5)
$12 million or more	52,113 (15)	49,911 (9)	55,417 (6)
By ad pages:†			
Up to 499	$40,170 (19)	$38,800 (10)	$43,675 (7)
500-999	41,200 (25)	40,179 (14)	42,500 (11)
1,000 or more	48,472 (19)	43,613 (13)	59,000 (6)
By circulation:†			
Up to 49,999	$30,389 (15)	$30,389 (15)	$0 (0)
50,000-99,999	41,539 (18)	45,907 (14)	26,250 (4)
100,000-499,999	43,889 (18)	46,182 (11)	40,286 (7)
500,000 or more	54,719 (17)	65,250 (2)	56,171 (13)
By frequency:†			
Weekly/biweekly	$55,850 (10)	$51,929 (7)	$65,000 (3)
Monthly	41,591 (50)	40,329 (29)	44,237 (19)
Other	33,216 (8)	30,800 (5)	37,242 (3)

†Refers to the largest revenue producing magazine on which respondent works

> **"Many companies feel that because they can't see results after one insertion, advertising is a waste of money."**
>
> **—Branch/regional/category manager in the Northeast, with two years' experience, earning $40,000 in salary and bonus/commission.**

[redacted]

> **"How do you grow a business in a down economy, where fewer dollars are available and more targeted regional magazines are stealing the business?"**
>
> **—Branch/regional/category manager for a monthly business/professional journal in the South, earning more than $45,000 in salary and bonus/commission.**

[redacted]

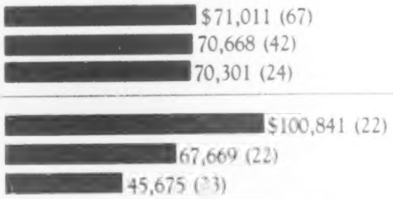
> **"Many ad agencies seem to be buying cost (special deals, free ads, etc.) instead of the best books for their clients."**
>
> **—Branch/regional/category manager in the Midwest, earning roughly $85,000 in salary and bonus/commission.**

[redacted]

Branch/regional/category manager: Total compensation

Average total compensation*

(The number of respondents is in parentheses.)



		% increase from '88 to '89
All respondents	$71,011 (67)	13.6%
Business	70,668 (42)	14.3
Consumer	70,301 (24)	13.0
Top one-third	$100,841 (22)	
Middle one-third	67,669 (22)	
Bottom one-third	45,675 (23)	

	Average	Average business	Average consumer
By region:			
Northeast	$70,405 (28)	$70,064 (21)	$ 71,429 (7)
South	73,440 (5)	47,350 (2)	85,000 (2)
North central	63,282 (15)	60,063 (8)	66,961 (7)
Western	77,368 (19)	83,773 (11)	68,563 (8)
By no. of employees supervised:			
None	$71,926 (44)	$73,571 (32)	$ 67,542 (12)
One	60,750 (8)	56,500 (4)	65,000 (4)
More than one	73,800 (15)	64,629 (6)	77,091 (8)
By years in business:			
Up to 3	$54,150 (10)	$58,500 (6)	$ 47,625 (4)
4-10	70,366 (39)	67,921 (25)	74,730 (14)
More than 10	81,778 (18)	83,545 (11)	75,083 (6)
By age:			
29 or less	$62,591 (11)	$60,944 (9)	$ 70,000 (2)
30-39	69,681 (33)	69,566 (19)	69,838 (14)
40-49	70,642 (16)	66,284 (8)	71,071 (7)
50 or more	91,357 (7)	94,583 (6)	72,000 (1)
By sex:			
Male	$70,093 (36)	$72,417 (26)	$ 59,778 (9)
Female	72,078 (31)	67,825 (16)	76,615 (15)
By ad revenue:†			
Up to $999,999	$49,000 (6)	$37,333 (3)	$ 60,667 (3)
$1 million-$2,999,999	66,361 (16)	72,606 (12)	47,625 (4)
$3 million-$4,999,999	70,060 (12)	70,833 (9)	67,742 (3)
$5 million-$11,999,999	76,056 (9)	63,333 (3)	78,400 (5)
$12 million or more	80,979 (14)	86,022 (9)	71,900 (5)
By ad pages:†			
Up to 499	$63,454 (17)	$60,100 (10)	$ 62,538 (6)
500-999	70,313 (24)	74,346 (13)	65,545 (11)
1,000 or more	80,709 (19)	77,113 (13)	88,500 (6)
By circulation:†			
Up to 49,999	$62,774 (14)	$62,774 (14)	$ 0 (0)
50,000-99,999	67,511 (18)	73,193 (14)	47,625 (4)
100,000-499,999	74,056 (18)	74,000 (11)	74,143 (7)
500,000 or more	80,670 (16)	83,500 (3)	78,144 (12)
By frequency:†			
Weekly/biweekly	$93,350 (10)	$88,357 (7)	$105,000 (3)
Monthly	69,001 (48)	68,984 (29)	67,167 (18)
Other	48,403 (8)	44,800 (5)	54,408 (3)

*Salary plus bonus/commission; excludes people receiving salary only

†Refers to the largest revenue producing magazine on which respondent works

from $18,000 to a whopping $33,500 higher.

Overall, the pay disparity for women is narrower. Their salary is 81 percent of men's; and their total compensation is 88.5 percent. All of that disparity is accounted for by business magazines, where women earn 70 percent of what men earn. Among consumer magazines, salary is virtually equal; and women's total compensation is almost $8,800 (13 percent) higher.

Experience has its payoff for managers. Those with more than 10 years in the business earn roughly double those with up to three years' experience, in both salary and total compensation. When age is the variable, there is also a steady increase from the youngest managers, at $30,681 in salary, to those over 50, at $51,688. But, as opposed to directors, managers between 30 and 39 earn less than those in the next cohort.

Size of magazine, however, remains the clearest determinant of compensation. Salaries of managers at magazines with less than $1 million in ad revenues average $30,061 and march inexorably upward to $63,458 where ad revenues are $12 million or more. Total compensation moves in the same way—from $49,100 to $100,833. Pay as a function of ad pages shows an identical pattern.

The relationship of pay and circulation is somewhat anomalous, with the average salary of managers on magazines with between 50,000 and 100,000 circulation slightly more—and total compensation sharply higher—than salary for those on magazines with circulations from 100,000 to 500,000. And those on the largest magazines, over 500,000 circulation, earn substantially more than any of their counterparts.

The impact of periodicity is also felt among managers. Those working on monthlies outpace their counterparts on weeklies and biweeklies by about $3,000 in salary and $8,000 in total compensation—as a result of higher pay levels of managers on consumer monthlies.

Branch/regional/category managers

The patterns of compensation previously seen with ad directors and managers are frequently different for branch/regional/category managers. Moreover, the impact of various demographic and size breakdowns is often less dramatic, perhaps reflecting the fact

> **"Showing clients that to attain 'market share' they have to first attain 'mind share' is a big challenge."**
>
> **—Ad sales person in the West, working on a monthly business magazine, earning approximately $80,000 in salary and bonus/commission.**

[redacted]

> **"Advertising is a long term investment—not instant success. Convincing accounts of the value of advertising and benefits of consistency is very difficult."**
>
> **—Ad sales person in the Midwest, working on a small consumer magazine, earning about $40,000 in salary and bonus/commission.**

[redacted]

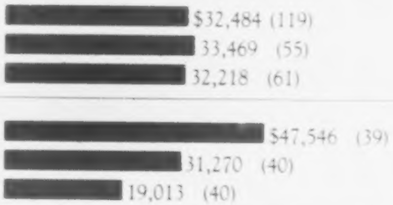
> **"My biggest headache is selling against rate cutting."**
>
> **—Ad sales person for a weekly business magazine in the Midwest, earning almost $40,000 in salary and bonus/commission.**

[redacted]

Ad sales person: Salary

Advertising sales person (may be called account executive): calls on clients and agencies; makes presentations; maintains current accounts; develops new accounts.

Average salaries (The number of respondents is in parentheses.)



	Average salaries	% increase from '88 to '89
All respondents	$32,484 (119)	13.2%
Business	33,469 (55)	6.5
Consumer	32,218 (61)	20.6
Top one-third	$47,546 (39)	
Middle one-third	31,270 (40)	
Bottom one-third	19,013 (40)	

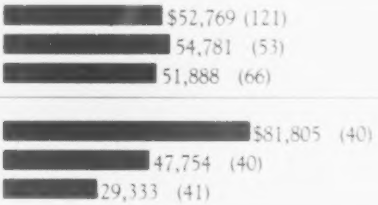
	Average	Average business	Average consumer
By region:			
Northeast	$35,029 (47)	$32,357 (21)	$37,187 (26)
South	30,169 (16)	32,863 (8)	29,686 (7)
North central	31,362 (34)	33,270 (20)	29,450 (12)
Western	30 466 (22)	38,833 (6)	27,328 (16)
By no. of employees supervised:			
None	$31,504 (106)	$32,967 (51)	$30,743 (52)
One or more	38,846 (12)	39,875 (4)	38,331 (8)
By years in business:			
Up to 3	$27,142 (53)	$26,117 (24)	$28,970 (27)
4-10	34,403 (50)	35,261 (23)	33,813 (26)
More than 10	45,744 (15)	50,375 (8)	40,451 (7)
By age:			
29 or less	$26,690 (41)	$24,224 (17)	$29,682 (22)
30-39	34,870 (51)	36,981 (26)	32,786 (24)
40-49	35,813 (19)	34,600 (5)	36,246 (14)
50 or more	42,071 (7)	42,071 (7)	††
By sex:			
Male	$37,158 (53)	$38,380 (25)	$36,959 (27)
Female	28,711 (65)	29,355 (29)	28,453 (34)
By ad revenue:†			
Up to $999,999	$21,255 (22)	$23,778 (9)	$20,373 (11)
$1 million-$2,999,999	30,383 (28)	32,960 (15)	27,193 (12)
$3 million-$4,999,999	41,692 (12)	38,875 (4)	43,100 (8)
$5 million-$11,999,999	36,289 (19)	35,563 (8)	36,818 (11)
$12 million or more	44,067 (15)	41,667 (9)	47,667 (6)
By ad pages:†			
Up to 499	$28,816 (34)	$26,671 (14)	$32,168 (17)
500-999	32,345 (26)	32,444 (9)	32,292 (17)
1,000 or more	37,819 (37)	39,604 (24)	34,523 (13)
By circulation:†			
Up to 49,999	$25,276 (33)	$30,145 (20)	$18,336 (11)
50,000-99,999	28,912 (21)	30,600 (9)	27,433 (11)
100,000-499,999	33,786 (45)	36,848 (23)	30,584 (22)
500,000 or more	45,167 (18)	45,000 (2)	45,188 (16)
By frequency:†			
Weekly/biweekly	$34,570 (20)	$38,658 (12)	$28,438 (8)
Monthly	32,075 (80)	31,567 (36)	32,490 (44)
Other	30,458 (18)	30,083 (6)	34,250 (9)

†Refers to the largest revenue producing magazine on which respondent works
††Insufficient data

Ad sales person: Total compensation

Average total compensation*

(The number of respondents is in parentheses.)



		% increase from '88 to '89
All respondents	$52,769 (121)	14.7%
Business	54,781 (53)	11.1
Consumer	51,888 (66)	18.2
Top one-third	$81,805 (40)	
Middle one-third	47,754 (40)	
Bottom one-third	29,333 (41)	

	Average	Average business	Average consumer
By region:			
Northeast	$54,967 (47)	$49,850 (20)	$58,757 (27)
South	55,194 (18)	67,071 (7)	50,200 (10)
North central	48,900 (32)	53,120 (20)	42,491 (11)
Western	51,802 (24)	62,417 (6)	48,264 (18)
By no. of employees supervised:			
None	$50,994 (108)	$52,300 (48)	$50,689 (58)
One or more	66,888 (12)	78,600 (5)	58,521 (7)
By years in business:			
Up to 3	$40,520 (51)	$39,210 (21)	$42,107 (29)
4-10	57,366 (51)	55,818 (22)	59,380 (28)
More than 10	75,658 (18)	85,200 (10)	63,731 (8)
By age:			
29 or less	$42,043 (42)	$34,193 (15)	$47,342 (26)
30-39	56,927 (50)	58,200 (25)	56,514 (24)
40-49	61,802 (21)	80,417 (6)	54,357 (15)
50 or more	64,714 (7)	64,714 (7)	††
By sex:			
Male	$61,480 (55)	$64,327 (26)	$60,246 (28)
Female	45,509 (66)	45,589 (27)	45,729 (38)
By ad revenue:†			
Up to $999,999	$32,468 (25)	$34,150 (10)	$32,014 (14)
$1 million-$2,999,999	51,121 (29)	58,429 (14)	44,964 (14)
$3 million-$4,999,999	67,550 (12)	58,125 (4)	72,263 (8)
$5 million-$11,999,999	61,285 (20)	52,438 (8)	67,183 (12)
$12 million or more	78,321 (14)	82,375 (8)	72,917 (6)
By ad pages:†			
Up to 499	$40,243 (34)	$35,643 (14)	$45,125 (18)
500-999	55,876 (27)	60,600 (10)	53,097 (17)
1,000 or more	67,297 (37)	67,659 (22)	66,767 (15)
By circulation:†			
Up to 49,999	$41,579 (39)	$50,295 (20)	$32,983 (18)
50,000-99,999	46,947 (20)	45,889 (9)	49,095 (10)
100,000-499,999	57,546 (42)	58,429 (21)	56,664 (21)
500,000 or more	67,833 (18)	82,500 (2)	66,000 (16)
By frequency:†			
Weekly/biweekly	$57,300 (18)	$67,450 (12)	$37,000 (6)
Monthly	54,397 (84)	53,394 (33)	55,046 (51)
Other	38,708 (18)	34,929 (7)	43,917 (9)

*Salary plus bonus/commission; excludes people receiving salary only

†Refers to the largest revenue producing magazine on which respondent works

††Insufficient data

that many branch/regional/category managers are paid largely on the basis of their individual contributions.

Their average salary ($42,808) and total compensation ($71,011) are slightly higher than that of ad sales managers. But, while salary of branch/regional/category managers on consumer magazines is about 10 percent more than on business publications, total compensation is virtually identical.

Bonuses are as important here as elsewhere—with total compensation of the 97 percent of branch/regional/category managers receiving an incentive being 66 percent higher than salary. But the difference between the highest and lowest paid is much lower, with the top one-third earning slightly less than 2.25 times as much as the lowest in both salary and total compensation.

Salaries of branch/regional/category managers are virtually equal around the country, with the North central leading in salary by only about $2,800 over the lowest paid region (the South). Don't think of moving there too fast, however: The North central region is dead last in total compensation—$7,000 less than the Northeast and $14,000 less than the leading region, the West.

Female branch/regional/category managers earn slightly more than their male counterparts in both salary and total compensation, because of consumer magazines. Men still earn more than women on business magazines, but by fairly small amounts.

Experience has less of an impact here, with salary of branch/regional/category managers in the business more than 10 years only about $12,000 (33 percent) higher than those with less than four years' experience. And the difference in total compensation is only $27,628, or 51 percent.

For the most part, age appears to be less of a factor as well. Branch/regional/category managers under 30 and those between 40 and 49 earn about the same salary—which is more than 10 percent less than those in the 30-39 cohort. Both salary and total compensation, however, take a sharp upward leap for those over 50, averaging $55,875 and $91,357, respectively (although the sample is fairly small).

Size of the publication doesn't matter as much in this category either, except in the very smallest and largest magazines. Salary increases from $31,857 at magazines with under $1 million in ad revenue to $52,113 at those with over $12 million. But in between, the averages are fairly close together. Total compensation, on the other hand, is $49,000 at the smallest magazines, jumps quickly to $66,361 on magazines with from $1 million to $3 million in ad revenue, and shows only small increases above that to $80,979 at the largest magazines.

And, while there is a direct correlation between pay and both ad pages and circulation, the differences in pay levels—for both salary and total compensation—are much smaller than in the other job categories. Only periodicity shows a significant shift, with branch/regional category managers on weeklies and biweeklies earning $55,850 in salary and $93,350 in total compensation, versus $41,591 and $69,001, respectively, for those on monthlies.

> **"Getting our potential customers to know who we are and why our subscribers are so important to them is an educational process even before we get to the selling part."**
>
> **—Ad sales person in the Midwest, earning salary and bonus/commission in the mid-thirties.**

[redacted]

Ad sales people

Although the ad sales person occupies the lowest rung of the ad sales department ladder, his or her earnings can often outstrip those of people with loftier titles, especially on larger magazines. For example, the salary ($47,546) and total compensation ($81,805) of the top one-third of ad sales persons is substantially more than the average of sales managers and branch/regional/category managers.

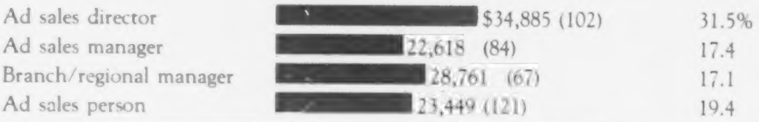
The average salary of ad sales persons is $32,484; and once again incentive pay is a large ingredient in the compensation package, with average salary plus bonus 62 percent higher at $52,769. In contrast to the other categories, those on business magazines slightly outpace their consumer magazine counterparts—by about $1,200 in salary and $3,000 in total compensation.

Pay correlates clearly and directly

Average annual bonus/commission

Average bonus/commission

(The number of respondents is in parentheses.)

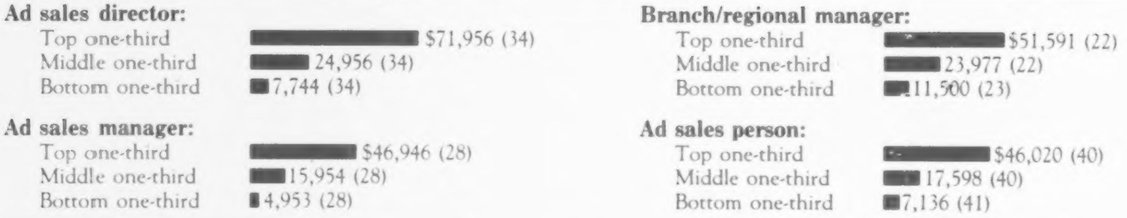


		% increase from '88 to '89
Ad sales director	$34,885 (102)	31.5%
Ad sales manager	22,618 (84)	17.4
Branch/regional manager	28,761 (67)	17.1
Ad sales person	23,449 (121)	19.4

	Ad sales director	Ad sales manager	Branch/ regional manager	Ad sales person
By magazine type:				
Consumer	$40,510 (51)	$27,927 (37)	$26,250 (24)	$24,383 (66)
Business	29,261 (51)	18,438 (47)	29,452 (42)	22,887 (53)
By region:				
Northeast	$40,745 (55)	$30,586 (42)	$27,661 (28)	$23,555 (47)
South	30,969 (16)	12,483 (12)	41,400 (5)	32,733 (18)
North central	24,333 (15)	13,634 (14)	18,800 (15)	17,750 (32)
Western	25,486 (14)	17,163 (16)	34,921 (19)	23,875 (24)
By no. of employees supervised:				
None	$10,000 (1)	$17,514 (22)	$29,580 (44)	$22,850 (108)
One	14,875 (8)	29,564 (7)	21,875 (8)	31,700 (10)
2-5	30,273 (33)	22,878 (44)	30,033 (15)	18,750 (2)
6-10	35,409 (35)	27,600 (10)	0	0
More than 10	47,640 (25)	25,000 (1)	0	0
By years in business:				
Up to 3	$22,000 (8)	$10,864 (22)	$22,950 (10)	$16,214 (51)
4-10	31,192 (59)	27,361 (45)	27,013 (39)	25,971 (51)
More than 10	44,057 (35)	25,272 (17)	35,778 (18)	37,538 (18)
By age:				
29 or less	$19,180 (10)	$22,583 (24)	$26,091 (11)	$19,331 (42)
30-39	34,528 (54)	22,636 (40)	25,242 (33)	24,190 (50)
40-49	43,733 (15)	26,087 (15)	32,781 (16)	30,257 (21)
50 or more	36,783 (23)	12,225 (5)	40,357 (7)	22,563 (8)
By sex:				
Male	$37,907 (67)	$23,775 (50)	$27,875 (36)	$27,955 (55)
Female	29,100 (35)	20,916 (34)	29,790 (31)	19,694 (66)
By ad revenue:†				
Up to $999,999	$18,077 (26)	$17,089 (28)	$12,833 (6)	$15,904 (25)
$1 million-$2,999,999	27,615 (33)	19,917 (15)	27,594 (16)	23,869 (29)
$3 million-$4,999,999	39,944 (9)	20,048 (13)	28,917 (12)	29,775 (12)
$5 million-$11,999,999	37,286 (14)	28,409 (11)	38,000 (9)	26,810 (20)
$12 million or more	67,441 (17)	37,375 (12)	31,571 (14)	33,250 (14)
By ad pages:†				
Up to 499	$21,883 (30)	$11,154 (24)	$25,441 (17)	$15,424 (34)
500-999	32,697 (33)	17,988 (28)	27,646 (24)	25,655 (27)
1,000 and more	50,806 (31)	36,615 (26)	32,237 (19)	32,019 (37)
By circulation:†				
Up to 49,999	$24,450 (44)	$13,813 (34)	$30,643 (14)	$22,526 (39)
50,000-99,999	30,833 (9)	35,769 (13)	25,972 (18)	18,834 (20)
100,000-499,999	34,547 (32)	18,430 (25)	30,167 (18)	25,681 (42)
500,000 or more	64,676 (17)	44,773 (11)	29,844 (16)	22,667 (18)
By frequency:†				
Weekly/biweekly	$50,595 (19)	$22,018 (17)	$37,500 (10)	$22,611 (18)
Monthly	32,773 (66)	25,190 (55)	28,240 (48)	26,152 (84)
Other	24,000 (16)	11,675 (12)	15,188 (8)	11,444 (18)

†Refers to the largest revenue producing magazine on which respondent works

Range of average bonus/commission



with both experience and age. But the differences are not as sizable as one might expect. The $45,744 salary of ad sales people with over 10 years' experience is only 68 percent higher than for those with three years or less; this jumps to 87 percent on a total compensation basis, reflecting more sizable bonuses for those with more experience.

Unfortunately, there is also a direct correlation between compensation and sex. Female ad sales people earn only 77 percent as much as men in salary, and 74 percent in total compensation.

As noted in the box on methodology, one should be cautious about comparing these surveys on a year-to-year basis because the mix of respondents varies. Still, these results are a good bit better than last year's survey, when women earned only two-thirds what men did, and are perhaps another small indication that the "gender gap" is starting to close.

Regional differences vary significantly. Overall the Northeast, at $35,029, is clearly ahead in salary—but only because of the relatively high pay levels on consumer magazines there. On business magazines, the West is far ahead, and the Northeast is almost last. When bonuses are factored in, the South comes out ahead among business magazines and the Northeast trails, in last place, by over $17,000.

As has been true throughout the survey, the size of the magazine has a strong impact on pay. Ad sales people on magazines with $12 million or more in revenue earn $44,067 in salary and $78,321 in total compensation, well over double the earnings of those on the smallest magazines. Between those extremes, the correlation is not consistent; oddly, ad sales people on magazines with between $3 million and $5 million in ad revenue earn substantially more than those on magazines with between $5 million and $12 million.

When measured by either pages or circulation, however, the correlation is smooth and consistent, with pay rising steadily from the smallest to the largest magazines. Periodicity apparently has a modest impact on the pay of ad sales people, with those on weeklies and biweeklies earning only about $2,500 more in salary and $3,000 in total compensation than those on monthlies. But those who work on magazines with other frequencies trail badly, especially in terms of total compensation.

Ad sales bonuses/commissions

Bonuses and commissions have a powerful effect on overall pay levels among sales professionals. The average bonus of ad directors and ad managers comprises 36 percent and 35 percent, respectively, of their average total compensation. Among branch/regional/category managers it is 40 percent; and for ad sales people it is 44 percent—reflecting a high degree of leverage built into their overall pay package.

The chart showing average annual bonus/commission details bonus payments by the various demographic and size characteristics FOLIO: has surveyed. This chart can help clarify some of the differences between categories seen earlier. While the general relationships between pay and the size of magazine, experience and the like remain constant, in general, there can be some significant variations, including situations where people lower in the hierarchy earn larger bonuses than those with bigger titles.

Differences in bonuses reflect, in part, differences among publishers in compensation philosophy and incentive formulas. However, in the main they reflect differences in results achieved by individuals. And that, after all, is the bottom line—and how the numbers ad sales professionals are selling are translated into the all-important compensation numbers they are receiving.☐

Methodology

Four hundred forty-four of the 1,174 ad sales professionals who received questionnaires responded to FOLIO:'s fourth annual ad sales salary survey, resulting in an overall response rate of 37.8 percent. Of the total responses, 424 contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts—one in late March and one in April. Participants were asked to supply data reflecting 1989 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus or commission figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if an ad sales professional indicated that his or her annual bonus/commission would be between $10,000 and $12,000, the arithmetic mean of $11,000 was used as that respondent's expected bonus/commission for the year.

The sample was approximately evenly divided among the four categories of sales professionals. The lowest response rate (22 percent) was from branch/regional/category managers; the highest (41 percent) was from ad sales persons. Each category was also evenly divided between consumer and business publications. About half the sample was drawn from magazines with under 100,000 in circulation; 25 percent came from magazines with over 100,000 in circulation; and another 25 percent from magazines with undetermined circulation.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.